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Daily Report
Central Eurasia

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No Problem With Caspian Pipeline Going Through Turkey

LD2707113495 Moscow INTERFAX in English 1011 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (Interfax) — Russia does not object to the construction of a pipeline for transporting Caspian oil through Turkish territory, Russian Deputy Foreign Minister Albert Chernyshov told Interfax in an interview today.

He added that, however, Moscow believed that nobody should monopolize the pipeline.

Chernyshov, who has recently paid a working visit to Ankara, said he had discussed the oil pipeline issue with the Turkish leadership.

"We perfectly understand Turkey's interest in delivering oil to clients through its territory. This promises Ankara hard currency profits, more jobs and oil and petroleum products which it needs so badly," Chernyshov said.

He said, "If the Turkish option for constructing the pipeline is economically profitable and the political situation in the country is stable, Moscow will have not objections to it."

However, Chernyshov added that "Russia believes that a network of small pipelines must be created for transporting oil from the Caspian Sea."

'Pressure' on Azerbaijan Over Caspian Sea Denied

LD2707215395 Moscow ITAR-TASS in English 1858 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (Itar-Tass) — Today Russian First Deputy Foreign Minister Igor Ivanov refuted reports, which have appeared in a section of the mass media, about Russia's alleged intention to resort to methods of economic or any other pressure over Azerbaijan in context of its stand on the Caspian sea. "They do not reflect the Russian side's official stance", the Minister told Azerbaijan's ambassador to Russia Ramiz Rizayev.

According to the First Deputy head of the Russian Foreign Ministry, the leadership of Russia intends to establish full-scale equal cooperation with Azerbaijan and is ready to jointly work with the Azeri side in this direction. It was noted during talks with the Azeri ambassador that ties and contacts in the political, economic and other spheres are currently being enhanced.

Statements made by the First Deputy head of the Foreign Ministry, with which a ministry aide familiarized Itar-Tass, thus reject reports about a tangled knot of contradictions around the "deal of the century", that is, plans of developing the Caspian sea oilfields.

Azerbaijan and a consortium of western companies have agreed to jointly develop the oilfields, but according to Russian Foreign Ministry experts, the contract violates legal regulations governing the use of resources of the Caspian sea. Russia, being a successor to the former Soviet union, proceeds from the fact that the treaties of 1921 and 1940, concluded by the former Soviet Union with Iran and regulating all questions related to the Caspian sea, are still in force and no one has repealed them.

START II Treats U.S., Russian Arms 'Differently'

MM2607104995 Moscow KRASNAYA ZVEZDA in Russian 25 Jul 95 p 3

[Article by Gennadiy Obolenskiy: "START II: Who Will Have To Reduce the Missiles?"]

[FBIS Translated Text] The treaty on the further limitation and reduction of strategic arms — otherwise known as START II — has been sent to the Russian Federation State Duma for ratification. It is supposed to strengthen strategic stability in the world while reducing the level of nuclear arms.

It can be predicted that the discussion of the treaty will be complex and protracted. Some deputies believe that the treaty is unlikely to be ratified by the present State Duma. Another reason for the delay is that the executive has not submitted a START-II implementation program together with the treaty.

For many deputies the decisive factor is this: If Russia has got to reduce its strategic offensive arms because of its calamitous economic situation, the START-II treaty should be adopted in any form and without any conditions because it also imposes restrictions on the United States and obliges it to achieve reductions by eliminating its strategic arms.

But that is certainly not the case: America's real plans have nothing in common with that approach, and the treaty in its present form provides scope for circumvention.

The fact is that after the implementation of START-I, which envisages the reduction of strategic arms to a level allowing no more than 6,000 nuclear warheads to be deployed on those weapons (delivery vehicles), the United States does not plan to scrap a single additional submarine, SLBM, heavy bomber, or Minuteman-3 class ICBM during the implementation of the START-II treaty. All that will be scrapped is 50 silo-based U.S. MX ICBMs, and even that reduction will be of very modest practical significance.

The question is this: How will the commitments imposed on the United States by the START-II Treaty be

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fulfilled, primarily in terms of reducing strategic arms to a level allowing the deployment of no more than 3,000-3,500 nuclear warheads?

It is very simple. The United States will remove at least four warheads from each Trident-2 SLBM (after implementation of the START-I Treaty there will be 432 left). However, the missile platforms will be retained and can be used at any time to mount the nuclear warheads previously removed because they will stored at a naval storage depot nearby. The U.S. Air Force will be doing exactly the same thing with regard to the Minuteman-3 ICBMs, except that in this case two warheads will be removed from each missile. But when it comes to the "reduction" of America's heavy bombers the START-II Treaty enables it to simply "switch labels" on 100 nuclear bombers and call them non-nuclear (the Treaty uses the scientific term "redesignation" ["perezayavleniye"] to describe this measure) and if need be restore them to their original state at any time.

According to specialists' assessments, the initial potential can be fully restored within a few weeks virtually without additional cost and by using standard equipment. What is more, the Americans have an official name for this entire procedure — the "strategy of reactivation." ["strategiya vossozdaniya"] Were it necessary to characterize such actions, in our situation the military would use the term "reduction of the combat readiness of the strategic nuclear forces" but they would never call these actions "elimination" or even "reduction."

Meanwhile, in our strategic arms system the START-II Treaty prescribes that everything be done differently. First, it is necessary to eliminate under U.S. supervision [kontrol] 154 RS-20 heavy ICBM launch silos together with the ICBMs themselves, a significant quantity of RS-22 ICBM launchers, and several submarines. All these reductions of ours are irreversible and it is simply impossible to "reactivate" the initial nuclear potential in the foreseeable future without incurring vast economic costs and activating the entire military-industrial complex for that purpose. So there is a problem here which the deputies must not only evaluate — they must also consider ways to compensate for the possible costs.

There are several other questions which require understanding and elaboration of conditions which will enable the ratification of the START-II treaty to correspond as a whole to Russia's interests.

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Further on Baltic Army Chief's Meeting in Tallinn

MM2807092395 Moscow PRAVDA in Russian 28 Jul 95 p 2

[Report by Lembit Annus: "Integrating Into NATO"]

[FBIS Translated Text] Tallinn — The commanders of the Estonian, Latvian, and Lithuanian Armed Forces have held their latest meeting in Tallinn. Its main subject was the examination of the programs for setting up an integrated communications and airspace monitoring system for the three Baltic states. They also discussed participation in NATO's "Partnership for Peace" program.

It is profoundly symptomatic that to set up an integrated airspace monitoring system for the Baltic countries, the commanders turned for help to the chairman of the NATO Military Committee. Indeed, they could hardly have done anything else. After all, it is planned to make the entire system fully compatible with Western navigation systems that meet NATO standards.

A decision was made to set up a Baltic headquarters for participation in exercises within NATO's "Partnership for Peace" program.

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Yeltsin Proposes Plan for Bosnia Settlement

LD2707162095 Moscow INTERFAX in English 1501 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (Interfax) — Russian President Boris Yeltsin has sent a message to the leaders of the countries members of the Contact Group on Bosnia containing a Russian plan for peaceful settlement of the conflict in Bosnia, First Russian Deputy Foreign Minister Igor Ivanov said in Moscow Thursday after meeting with a delegation of the Islamic Conference Organization.

According to Ivanov, the message was composed after Foreign Minister Andrey Kozyrev's talks in Belgrade.

"The Moscow plan provides for beginning a direct dialogue between the conflicting parties and for a practical realization of the proposals made by Karl Bildt, co-chairman of the international conference on Yugoslavia from the European Union, who recommended that Yugoslavia and Bosnia-Herzegovina mutually recognize each other and that most part of sanctions against Belgrade be lifted," said Ivanov.

Speaking about the French proposal to change the Contact Group-approved territorial division of Bosnia, Ivanov said that the plan adopted by all members of the Contact Group must be a basis for settlement of the conflict in Bosnia."

The Contact Group includes Great Britain, Germany, Russia, United States and France.

Spokesman Speaks Out Against Lifting Bosnian Embargo

LD2707163495 Moscow INTERFAX in English 1501 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (Interfax) — An official spokesman for the Russian Foreign Ministry Mikhail Demurin does not rule out the possibility of President Boris Yeltsin directly contacting President Bill Clinton to persuade the US side not to lift the embargo on arms supplies to Bosnian Muslims unilaterally.

He told a Thursday briefing in Moscow that the abolition of the embargo would have extremely negative consequences and possibly even result in the escalation of hostilities in Bosnia.

"Moscow will take every step to persuade the persons in the USA responsible for the final decision that such a step would be fatal," the diplomat stressed.

He added that members of the Russian parliament will work along their own channels, executive bodies with representatives of the US executive branch of power. As under the US constitution the final decision is the prerogative of the president, the discussion of the subject at the level of presidents might be required, Demurin said.

He reminded the briefing that Moscow favors the gradual lifting of sanctions against Belgrade. But according to the diplomat this should happen with the approval of the international community.

Unilateral attempts to alter the sanctions will not promote a settlement in ex-Yugoslavia, the diplomat stressed.

Hopes 'Realistic' Approach Prevails

LD2707133795 Moscow ITAR-TASS in English 1322 GMT 27 Jul 95

[By Andrey Urban]

[FBIS Transcribed Text] MOSCOW, July 27 (Itar-Tass) — The realization of a decision unilaterally adopted by the U.S. senate to lift arms embargo against Bosnia would be a choice in favour of force methods of Bosnian settlement, encouraging those who come out for the escalation of military operations, said an official spokesman of the Russian foreign ministry Mikhail Demurin. Commenting on possible countermeasures Russia might take following the decision of the U.S. senators, Demurin said that Moscow intends to exercise its influence on Washington, using methods of persuasion via all possible channels.

"Even in hopelesss situations the sides participating in the process of settlement shall continue activities in favour of political solutions", the official spokesman said.

Demurin said that Russia both regrets the U.S. decision and expresses its concern about it. "We hope that a realistic and balanced approach will prevail in Washington and that the United States jointly with other partners in the "contact group" will continue efforts aimed at the settlement of this bloody conflict by political means," Demurin said.

The Russian diplomat noted that Russia sees a political solution of the conflict in direct talks between the warring sides which should begin as soon as possible and the acceptance of Karl Bildt's plan envisaging the recognition of Bosnia and Herzegovina by the Union republic of Yugoslavia and suspending sanctions against Belgrade.

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Shows 'Concern' Over NATO Decision

LD2707124395 Moscow ITAR-TASS in English 1237 GMT 27 Jul 95

[By Andrey Urban]

[FBIS Transcribed Text] MOSCOW, July 27 (Itar-Tass) — Moscow has expressed concern over NATO's decision to use its aviation against the Bosnian Serbs if they attack the security area in Gorazde, said an official spokesman for the Russian foreign ministry, Mikhail Demurin, at a briefing today.

He pointed out that Nato's move means practically changing the tactics in Bosnia in favour of force methods that Russia had cautioned against at a recent meeting of foreign and defence ministers in London.

"Our main concern is that the procedure for the use of NATO's aviation has been simplified to a military-technical level which is fraught with unpredictable consequences," Demurin said, adding that NATO's air strikes in Bosnia-Herzegovina had always increased tension, rather than strengthened the security of the peaceful population and U.N. peace-keepers.

"The responsibility for such activities rests with those who authorise them," Demurin emphasised.

IZVESTIYA Reports Senate Vote on Bosnia Embargo

MM2707141295 Moscow IZVESTIYA in Russian 26 Jul 95 p 3

[Report by Maksim Yusin: "NATO Ultimatum Seems To Be Bearing Fruit. Bosnian Serbs Ready To Back Down From Storming Gorazde"]

[FBIS Translated Excerpt] [passage omitted] The U.S. Senate voted Wednesday [26 July] to lift the embargo [on arms supplies to Bosnia] unilaterally. There were 69 votes in favor (21 of them Democrats) with only 29 against. The draft law now goes to the House of Representatives which has previously supported lifting the embargo. President Clinton, who still opposes this move, will probably be forced to use his right of veto. It will take two-thirds of the votes in both chambers of Congress to overturn it.

Moscow has already stated that if Washington unilaterally lifts the embargo it will cease to observe the sanctions on Yugoslavia.

Belgrade, however, prefers the sanctions to be lifted not by Russia alone but by the UN Security Council. If the Yugoslav mass media are to be believed, Slobodan Milosevic is ready for significant concessions to achieve that.

According to the independent Belgrade agency BETA, the Serb president may agree to recognize Bosnia-Herzegovina if the world community suspends the sanctions for nine months. The agency claims that Milosevic spoke about this to Kozyrev when he met with him Tuesday [25 July] and that this question is due to be discussed at a contact group conference in London.

The Belgrade authorities have made absolutely no comment on the agency's report. Nor was additional information available from the Russian Foreign Ministry.

OIC Envoy Against Escalation of Bosnian Conflict

LD2707130895 Moscow ITAR-TASS in English 1256 GMT 27 Jul 95

[By Dmitry Zelenin]

[FBIS Transcribed Text] MOSCOW, July 27 (Itar-Tass) — Russia and members [of] the organisation of Islamic conference [OIC] believe that further escalation of the armed conflict in Bosnia and Herzegovina is inadmissible. They agree that peaceful political settlement is the best way to come out of the Bosnian crisis, said first Russian deputy foreign minister Igor Ivanov at a news conference today upon completion of his meeting with a delegation of the Islamic conference.

The Russian diplomat said that during the talks the sides exchanged opinions on the situation in Bosnia and Herzegovina. Representatives of the Islamic conference were informed about peaceful efforts taken by Russian diplomats on the Bosnian problem and, in particular, on the results of the talks held in Belgrade by the Russian foreign minister Andrey Kozyrev.

Ivanov expressed the concern of the Russian foreign ministry over a decision adopted by the U.S. congress on Wednesday which backed lifting the arms embargo against the Bosnian government. Ivanov expressed the hope that Washington would continue efforts to reach peaceful settlement jointly with the "contact group."

Gorbachev Laments 'Tragedy' in Bosnia

BR2707134495 Turin LA STAMPA in Italian 27 Jul 95 pp 1, 2

[Article by Mikhail Gorbachev: "Let Moscow Work for Peace"]

[FBIS Translated Text] The tragedy of Bosnia is obvious to all. Many mistakes have been committed in all quarters. Too many atrocities have been perpetrated for the situation to be remedied. But the lesson must be learned if the horror is to be halted at least, and we

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must repeat yet again: The lesson shows that there can be no victor.

So the mistaken tactic of using force must be abandoned and another attempt made at negotiation; the warring parties must be persuaded, forced to negotiate a realistic compromise. But to this end the international community must stop giving a bad example by acting separately, behind the scenes, going over the head of the Security Council, disregarding the real interests of the various sides, and applying double standards.

It is a fact that the latest outbreak in the crisis began with the offensive launched by the Bosnian Muslims. There is no point now in setting off in search of the root cause of each individual episode. It exists, but it is to be traced back to yet other causes, and there is no unraveling the tangled knot. The fact remains that the international community did not react as it should have done. This was a serious error, the last in a long line. Knowing Yugoslavia and the Serbs, the boomerang effect was only to be expected. This is no time for sharing out blame, justifying some and condemning the others: It is time to face reality, in other words to seek a balancing point. I realize that it is difficult after so much bloodshed, but there is no other way to avoid the bloodshed continuing endlessly.

That is why I am steadfastly against handing the matter over to NATO, which would mean leaving it to the generals to decide. A military solution cannot but trigger a further escalation. Bombing Serb positions will solve nothing. It is significant, moreover, that the London meeting failed to establish a consensus precisely on the military aspects of the Bosnian crisis and did not issue a concluding joint statement. In my view, the Islamic Conference Contact Group's decision declaring that the embargo on arms supplies to Bosnia was now "legally invalid" is fraught with dire consequences. That road leads directly to the war spreading.

There is the problem of the blue helmets. I am convinced that they must stay on in Bosnia. It may be necessary to broaden their mandate. This must be decided by the appropriate body, the Security Council, so as to enable the peace contingent to defend its mission. But a definite borderline has to be drawn: It must not side with either of the warring parties against the other.

The work of the mediators seeking a political solution must be resumed. The outcome of Karl Bildt's visits to Belgrade and Sarajevo and the outline agreement on recognition of Bosnia-Herzegovina by Belgrade prove that the potential for a political solution has by no means been exhausted. The mediator designated by the European Community could now be joined by the representatives of Russia and the United States. A three-man team of this type, backed by a joint mandate from the Contact Group, could nurture an intensive process of negotiated rapprochement.

Russia's role must be given greater prominence as well. Its moderating influence on the Serbs is enormous and must be used to greater effect by the international community. Despite the latest military developments in the crisis, influence of this type could provide the key with which to silence the guns. It will be in everybody's interests for the West, the Muslim countries, and the Russians themselves to realize that a word from Moscow, if pronounced in the right manner, can mean peace in Bosnia.

Daily Questions Motives of U.S. Bosnia Vote

MK2807131095 Moscow SEGODNYA in Russian 28 Jul 95 p 1

[Commentary by Vladimir Abarinov: "Sitting on Two Stools"]

[FBIS Translated Text] The U.S. Senate decision to lift the weapons embargo, combined with Butrus-Ghali's rejection of the "double-key" principle, sets up a totally new situation in the Bosnian conflict. It is quite obvious now that NATO is not trying to scare the Serbs; it seriously intends to launch a large-scale operation against them. In London Russian diplomats led by Kozyrev and Grachev were in all probability hoping that Moscow's obstruction would hold back its partners from solutions involving force. Nor does Milosevic appear to believe the threat is real, as he continues to exploit Russian support for his own internal political interests. Developments show, however, that the "political methods" games are coming to an end.

The broad public does not know what precisely the minister proposed to the president; however, the latter, from what Kozyrev has said, gave his blessing to actions in the same spirit. God knows how Russia intends to prevent NATO bombings. There are signs, however, that the Russian delegation in London threatened a unilateral dropping of the sanctions should the United States end the embargo. The prominent lawmaker Vladimir Lukin has come forward with the same recommendation. This measure is hardly going to help the Bosnian Serbs, unlike the Muslims, who have every reason to hope for an increased arsenal.

In a bid to keep control of the situation, the Russian Foreign Ministry has made public the promise Kozyrev obtained in Belgrade: the Serbs will make no attempts to seize Gorazde. But this is a palliative which only tightens the noose on the enclave. Moscow also continues to push Yeltsin's hopeless proposal to call a "Political Eight" summit. There are also reports on Yeltsin's

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message to the leaders of the Contact Group countries saying a Russian-American summit is not ruled out. In the meantime, it is not the latest events, but rather Halifax that clearly indicated that the West is not going to reckon with Moscow's stance: The G-7 leaders deliberately passed a Bosnia resolution in the absence of the Russian president, and they were in such a hurry that they composed it right at the festive dinner table.

It is hard to describe as especially vigorous the Russian reaction, despite the plethora of sharp epithets to the news coming in from Western capitals. As far as can be judged from what Kozyrev was saying in Hanoi, Moscow is counting on the [U.S.] President's veto. In this event, Congress will be obliged to take a repeat vote on the resolution, once again by a qualified majority, and there is a hope that some of the Democrats will change their mind. No procedural tricks can alter the crux of the matter. You can try to hold back lawmakers; to totally disregard their opinion is dangerous.

The statements of London and Paris on a possible withdrawal of their contingents from Bosnia once the embargo is lifted, and a similar utterance by General Podkolzin, Russian airborne troops commander, can in no way prevent the final approval of the resolution; far from it — they would only speed its implementation. The resolution calls precisely for an exit of the peacekeepers while no physical exit is required: It is sufficient to wait 12 weeks after an official request by the Bosnian Government to the Security Council for their withdrawal. Clearly, such a request will not be long in coming.

There was a time when Russia felt hurt about not being consulted. Sometimes it was, and it approved air strikes, even if reluctantly, because the Serbs do not understand a different language. The moment has come when Russia should stop disguising the Bosnian Serbs' ambitions with its imagined diplomatic activity and pass a appropriate decision, be it the ending of the sanctions or the approval of the NATO operation. But sitting on two stools is no longer possible.

Foreign Minister Kozyrev Continues Visit to Hanoi

Holds News Conference

LD2707165095 Moscow ITAR-TASS World Service in Russian 1458 GMT 27 Jul 95

[By ITAR-TASS special correspondents Sergey Blagov and Viktor Khrekov]

[FBIS Translated Text] Hanoi, 27 Jul (TASS) — Russia and Vietnam have common traditions of cooperation in the political, military, and economic spheres which we have not forgotten; moreover, we have been developing them in a fairly dynamic way over the last few years, Russian Foreign Minister Andrey Kozyrev told today's news conference here. The foreign minister pointed out that today he had "a friendly and exhaustive" conversation with Vietnamese President Le Duc Anh to whom he handed a message from Russian President Boris Yeltsin. This document as well as Le Duc Anh's reply stress both sides' adherence to developing friendship and interaction which link our countries, Kozyrev said.

The news conference was told that today's talks with Vietnamese Foreign Minister Nguyen Manh Cam were devoted to the issues of the practical content of the course toward partnership. Prospects for developing equal and mutually beneficial ties on the basis of the treaty on the fundamentals of friendly relations between the two countries signed during Vietnamese Prime Minister Vo Van Kiet's visit to Russia in June 1994 were clarified. We have agreed on certain specific areas of cooperation: they include keeping the Russian military facility in Cam Ranh Bay and boosting trade and economic cooperation, the Russian minister said. He stressed "the unprecedented recognition" of Vietnam in the world which was confirmed by the fact that Vietnam had joined ASEAN.

The talks in Hanoi discussed the issue of paying back Vietnam's debt to Russia and that of Vietnamese citizens in Russia, A. Kozyrev said. He expressed confidence that the sides could find modern forms of repaying the debt which would become not a burden to Vietnam but an impulse for developing ties between the two countries. Regarding the issue of Vietnamese citizens in Russia, it is being discussed "calmly and in a businesslike manner" at the level of experts, the news conference was told.

Speaking about the recent restoration of diplomatic relations between Vietnam and the United States, the Russian minister said that "we have been mentioning the expediency of such a step for a long time" in talks with our American partners and we are glad that this has happened. This step will contribute to strengthening Vietnam's positions in the international arena, the minister said.

After the news conference today, the Russian delegation left for the town of Ho Chi Minh. Le Mai, Vietnamese deputy foreign minister, who was among the send-off party, told ITAR-TASS that Hanoi has a positive view of the talks on the issues of strengthening bilateral cooperation and developing interaction in the international arena.

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Stresses 'Political Option' in Bosnia

LD2707151795 Moscow ITAR-TASS in English 1504 GMT 27 Jul 95

[By Sergey Blagov and Viktor Khrekov]

[FBIS Transcribed Text] HANOI, July 27 (Itar-Tass) — Russia objects to the proposed lifting of embargo on arms supplies to Bosnia, the Russian Foreign Minister said on Thursday [27 July].

There is already too much arms in Bosnia, and too many victims of these arms, and any additional arms supplies are tantamount to pouring oil on the flames, Andrey Kozyrev told a news conference here. In the light of the embargo vote in the U.S. Senate, the most noteworthy position is that of the U.S. President, who is opposed to the lifting of the international ban on arms supplies to Bosnia, he noted.

Russian President Boris Yeltsin yesterday offered to deploy Russian peacekeeping troops in Gorazde, the minister told reporters. This would be the best way of ensuring peace in the "safety zone" and of using peacekeeping forces according to their primary purpose, in contrast to air raids or lifting embargo, Kozyrev emphasised. If the embargo is lifted, U.N. peacekeeping troops will have to leave Bosnia, which is to deprive local residents of any protection. We are ready to deploy additional Russian peacekeepers in the conflict zone, Kozyrev stressed.

As for prospects for Bosnian settlement, there is "a clear political option", the Russian diplomat pointed out. According to Kozyrev, during his visit to Belgrade, Serbian President Slobodan Milosevic confirmed his readiness to take this political option. Regretfully, the emphasis is laid on a military solution to the conflict now, which runs counter to the need to put an end to war in former Yugoslavia, the minister said.

Navy To Continue Using Cam Ranh

LD2707163395 Moscow ITAR-TASS World Service in Russian 1510 GMT 27 Jul 95

[By ITAR-TASS special correspondents Sergey Blagov and Viktor Khrekov]

[FBIS Translated Text] Hanoi, 27 Jul (ITAR-TASS) — We agreed on some specific areas of cooperation including the question of keeping the Russia military facility at Cam Ranh Bay, Russian Foreign Minister Andrey Kozyrev stated here today. Aleksandr Panov, first deputy foreign minister, told an ITAR-TASS correspondent that the sides agreed that the Russian fleet will continue to use Cam Ranh Bay.

The agreement on the use of the military facility in Cam Ranh Bay, signed in 1981 by the former Soviet Union and the Socialist Republic of Vietnam, expires in 2004. The sides have also "shown interest" in the possibility of Russia's continuing to keep the base after 2004, Panov noted.

The official position taken by Moscow and Hanoi is that "the use of the supplies and equipment facility in the Cam Ranh peninsula complies with international norms and is based on the agreements reached earlier." The Russian representatives have repeatedly stressed that the facility is not directed against any third country. The number of service personnel at present is now about four times lower than in the early 1980's. Thus, the sides reached an agreement in principle regarding the further use of the Camranh Bay facility by the Russian Navy.

Opposition to French Testing Cited

LD2707153795 Moscow INTERFAX in English 1319 GMT 27 Jul 95

[FBIS Transcribed Text] HANOI, July 27 (Interfax) — Russia and Vietnam share a negative view of the French plans to resume nuclear testing, Russia's Deputy Foreign Minister Aleksandr Panov said Thursday in Hanoi.

Panov is accompanying Foreign Minister Andrey Kozyrev on an official visit to Vietnam.

After a meeting with his Vietnamese counterpart Le Mai, Panov stressed that no differences were evident between Russian and Vietnamese views on French nuclear testing and on other issues.

ASEAN's regional security forum, slated to be held in Brunei, will be sure to focus on the French plans for more nuclear testing, Panov said. A Russian delegation, with Kozyrev leading it, and a Vietnamese delegation will be expected to attend the Brunei gathering.

New Zealand, according to Panov, intends to press the forum's chair for condemning the French plans in his formal statement.

Ministry Denies Iraq Continuing Nuclear Activities

LD2707183895 Moscow INTERFAX in English 1642 GMT 27 Jul 95

[From the "Diplomatic Panorama" feature: reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] **NUCLEAR MILITARY ACTIVITIES**

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The information received by the International Atomic Energy Agency (IAEA) that Iraq continues nuclear military activities, in defiance of UN Security Council resolutions and its own pledges, is "false", said Mikhail Demurin, official representative of Russian Foreign Ministry.

He said that IAEA experts had "thoroughly investigated the compromising information of British and German origin." They concluded that the information had been forged on purpose, said Demurin.

He said that the IAEA conclusion was sent to the UN Security Council.

Demurin believes that those who stood behind the incident wanted "to create additional hindrances and difficulties at the UN Security Council discussion of Iraq fulfilling the UN demands and resolutions to disarm."

He expressed regret that "such a respectable international body as IAEA has to divert its attention and efforts to check" false information.

Moscow To Have Say in North Korean Nuclear Program

LD2707154095 Moscow INTERFAX in English 1319 GMT 27 Jul 95

[FBIS Transcribed Text] HANOI, July 27 (Interfax) — On July 30 an emissary of the Russian Nuclear Power Production Ministry (Minatom) will visit New York to discuss Russia's possible involvement in the international consortium for the reorienting of the North Korean nuclear program, Russia's Deputy Foreign Minister Aleksandr Panov told a reporter for the Interfax news agency in Hanoi.

The United States, Japan and South Korea formed the consortium with a view to replace the North Korean nuclear reactors, whose fuel can be used for military purposes, with safer light-water reactors.

"Russia is unlikely to agree to be at the bottom of the heap," Panov said. "It is Minatom who will have the final say."

Minatom experts will make a decision on whether cooperation with the consortium makes sense, according to Panov.

Backdrop to Ukraine Talks Called Not Promising

MM2807115395 Moscow TRUD in Russian 28 Jul 95 p 1

[Report by Dmitriy Romanov: "Steel Arguments"]

[FBIS Translated Text] Talks between Ukrainian and Russian Government delegations headed by the two countries' premiers — Ye. Marchuk and V. Chernomyrdin — are taking place in Moscow. Many issues have built up between the sides recently, so the discussion does not promise to be easy. The problems which they are to solve or, in any event, for which they will attempting to find options acceptable to both sides are "long-running," so to speak — the transit of oil from Russia across Ukraine, the timing of Boris Yeltsin's (repeatedly postponed) visit to Kiev, and, of course, the basing of the Russian Black Sea Fleet in Sevastopol.

The talks are taking place in situation which can hardly be described as propitious. No, I am definitely not talking about the atmosphere in which the meeting between the government delegations is taking place but the events of the past few days in Ukraine. Ukraine's constantly declared desire to live in peace and friendship with the former "elder brother," but now just good neighbor, is not very in tune with what is happening, in the eyes of many of the country's citizens.

The U.S. warship Pensacola with 400 marines on board tied up in the port of Odessa few days ago. The aim of the visit is to conduct joint exercises involving Ukrainian and U.S. military units under the "Partnership for Peace" program. They will be held at the Shirokiy Lan training ground near Nikolayev and at sea, where the Pensacola and the Ukrainian Navy ship Hetman Sagaidachny will cooperate.

So what's so unusual about joint exercises, you might ask? But it does not require particular effort to see that the military presence of Western countries and the United states in the Black Sea is constantly growing. In a short space of time Odessa has been visited by a squadron of German Navy destroyers, the American frigate Kauffman, and the missile cruiser Belknap carrying Robert Miller, commander of the U.S. Atlantic Fleet, and Joseph Prueher, commander of the 6th Fleet and of NATO Forces, Southern Europe.... And that is by no means all, of course.

This kind of interest can hardly be termed coincidental. Rather, the upsurge in Ukraine's naval ties with the West is designed to give the Ukrainian side additional weight in the Black Sea Fleet talks and, in the event of their failure or eventual breakdown, to make it possible to switch orientation immediately from East to West. Is this not why the Black Seas Fleet talks are still a long way from complete, despite the agreements already signed? But the severance of links — including naval links — with Russia is fraught with serious complications in the future. And many people realize this. It is no accident that there have been demonstrations under anti-American slogans in Odessa. The pickets are

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making the crucial point: that people needed friendship with Russia, not a Western military presence.

But who today is interested in what ordinary citizens want? Today the "Russian card" is being actively played not only by extreme right-wing national forces in Ukraine but even by politicians who used to be considered moderate. The tragic events of 18 July in Kiev in connection with the funeral of Patriarch Volodymir provided yet another pretext to see the "the hand of Moscow" at work in what happened. The Ukrainian media are persistently spreading rumors that in a telephone conversation with Leonid Kuchma Boris Yeltsin expressed the view that the Russian Orthodox Church did not want Patriarch Volodymir buried at the Monastery of St. Sofia. And so politicians' statements like "Ukraine for the Ukrainians" and "Glory to the nation and death to enemies" become understandable. I do not think that what this means requires explanation. Even such a cautious politician as former President Leonid Kravchuk made a sharp statement leveled at Russia.

As far as he is concerned, incidentally, everything is more or less clear. Kravchuk needs to move to the right and win the support of the radical nationalists: This is because there is every indication that another scandal in the top echelons of power is brewing. Viktor Palivov, who was Kravchuk's chief bodyguard during his presidency, has been arrested in Budapest and handed over to the Ukrainian authorities.

Among other things, he is accused of illegally trading in arms. If this is the case, where and to whom did they go? And were they subsequently used to shoot Russian soldiers?

In general the situation in Ukraine is complex. And as yet only one thing is clear: No talks, even at the highest level, even if agreement is announced, can promote a real revival of relations between the two peoples if deeds are at odds with words.

Daily Calls Turkey Russia's 'Eternal Rival'

MM2707140195 Moscow KRASNAYA ZVEZDA in Russian 27 Jul 95 p 3

["Observer's Notes" by Vadim Markushin: "Turkey Still a Concern of Ours"]

[FBIS Translated Excerpt] [passage omitted] Turkey's conduct toward Chechnya is as cautious as it is purposeful. At an official level it has been expressing no support for Dudayev. However, to judge from many assertions and facts in the mass media, Ankara is adopting a clearly pro-Dudayev stance and is doing nothing to prevent the collection of funds then sent as aid to Dudayev's men.

Ankara's vigorous movement toward the Balkans is also clear for all to see. Suleyman Demirel, battle-hardened from many years of domestic political skirmishes, is now playing an aggressive diplomatic game in an area where the Ottoman empire once had lands and from where Turks were once driven out by a people who rose up in revolt supported by Russia. The Turkish president does not miss an opportunity to assure the Macedonians, Bulgarians, Romanians, and Albanians of Ankara's fraternal support. "You are our brothers and the Turkish people will do everything possible to ensure the prosperity of the Albanian people," he said at a meeting with the Albanian leadership. In Macedonia [FYROM] Demirel clearly tried to take advantage of the friction between that country and Greece. "Macedonia is a reality, and the right to choose its name belongs to it alone," he stated after which he advised Athens to rethink its attitude toward Skopje "for the sake of security and peace in the region."

Commenting on the situation regarding the Turkish president's lightning visits to the Balkan countries, the Bulgarian newspaper KONTINENT notes that Demirel has cast doubt on his own reputation. First and foremost by his comments, which have "caused something of a stir." Probably what this means specifically is the Turkish leader's call to open the Turkish-Bulgarian border as well as the fact that he called Albania the Turks' "second homeland."

Ankara goes out of its way to emphasize its interest in playing a visible role in the process of settling the Bosnian crisis. Its aim is to restore the status quo that existed before the present military escalation. The Turkish Foreign Ministry insisted on participating in the London meeting. "We have a legitimate right to take part in it as a Balkan state, a NATO member, and a country which has sent its troops to that region," Turkish Foreign Minister Erdal Inonu said.

Russia is closely monitoring the new nuances in Ankara's military policy. According to certain information, the 3d Field Army is being rearmed. At the same time the Turkish Navy is being reinforced and the proportion of high-speed missile craft, modern guided-missile frigates, and submarines in it is increasing all the time. The military elite, which wields a powerful influence in the state, regularly reminds people of "Russia's expansionist plans" and appeals to NATO circles to show due understanding for its defense concerns.

Nevertheless, we should not overdo it. Nor should we become obsessed with the discussion of whether or not there is going to be another Russian-Turkish war. This is not only a frivolous question but a provocative

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one too. Turkey is not Russia's enemy. It is Russia's eternal rival. But when we talk about power rivalry today this means not just military might but also economic competitiveness. If you look at the structure of trade turnover between Russia and Turkey you will see immediately that Turkish goods now form the "heavy artillery" with which our southern neighbor is reinforcing its presence in our country. Clothing, footwear, medicines, buses, and confectionery — these and many other goods enter our country in exchange for natural gas, unalloyed metals, sheet steel, coal, and crude oil.

Quite a lot has already been written about the economic basis of national security. Putting it as succinctly as possible, what this means is that mutual economic penetration removes the preconditions for war (the EU is a graphic example of that). It also means that all states closely monitor exports and imports so as to prevent dangerous anomalies in this respect. Such anomalies exist in Russia's relations with other countries, Turkey among them. Perhaps more thought should be given to that now than to anything else.

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Political Issues

Yeltsin Analyst Discusses Chechen Settlement

LD2707182095 Moscow INTERFAX in English 1610 GMT 27 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] Moscow, 27 Jul (INTERFAX) — The political bloc of problems concerning the settlement of the Chechen crisis, primarily the issue of Chechnya's status, can be resolved only after resolving military problems and holding democratic elections in the republic, the director of the Russian president's analytical department, Mark Urnov, told INTERFAX in an exclusive interview today.

He said that under the Russian constitution it was impossible to recognize any territory as having left the federation's composition. Urnov said the parliament ought to introduce corresponding amendments to the constitution for this purpose.

Urnov described the situation at the talks in Groznyy as "very uneasy" but "not hopeless." He said this situation reflected "the entire structure of relations in Chechnya" where "there are moderate constructive forces interested in peace" and also the irreconcilable. He said Russia was displaying "a maximum of willingness to find a constructive way out of the crisis" at the talks.

With regards to the consideration of the so-called Chechen case by the Constitutional Court, Urnov said the presidential side's position "has been and remains very strong and well-founded from any point of view."

Urnov said if the Constitutional Court recognized the presidential decrees on starting military actions in Chechnya as unconstitutional, this could seriously complicate the talks and "give more arguments for the Dudayev side to insist on its position."

Officials Consider Continued Talks in Chechnya

LD2807111495 Moscow Russian Public Television First Channel Network in Russian 0500 GMT 28 Jul 95

[From the "Novosti" newscast]

[FBIS Translated Text] Following an interval at the peace talks, the events in Groznyy over the past few days have again attracted the attention of politicians and correspondents, who are now asking whether it is untenable to hold talks with the delegation representing Dzokhar Dudayev, leaving aside the question of the untenability or otherwise of the talks themselves.

[Correspondent Andrey Murtazin] All sober-minded politicians now favor a cessation of hostilities in Chechnya. However, even in Chechnya itself, political groups differ on the question of the identities of those who should represent Chechnya at the talks with the federal authorities.

Thus, Doku Zavgayev, former chairman of the Chechen-Ingush Supreme Soviet, considers that it is altogether impermissible to conduct talks with representatives of Dudayev, as they have no power to represent the Chechen people. Zavgayev is supported by Abdulakh Mikitayev, head of the Citizenship Department under the Russian president. He suggests that a joint center should be established to take charge in Chechnya. Such a center could implement the functions of federal executive bodies, as well as those of the Government of National Rebirth led by Salambek Khadzhiyev.

However, the issue which is being discussed is about a legal consolidation of the truce status. Usman Imayev, head of Dudayev's delegation, and Aslan Maskhadov, chief of Dudayev's staff, agree with Moscow on this issue. The latter even said that he is ready, together with Russian forces, to nip in the bud the provocations by Chechen militants who are trying to wreck the talks in Groznyy.

It seems that Usman Imayev and Aslan Maskhadov are experiencing serious pressure, either by Dudayev or those field commanders who do not want peace. Otherwise, how can one explain the fact that everything comes to naught at the last moment? Maybe Imayev and Maskhadov are not the people with whom one should conduct a dialogue?

[Baturin, national security aide to the Russian Federation president] At any talks on serious problems, the participants of the talks are always under pressure and there is nothing surprising about it. There are such methods employed at talks as diplomatic illnesses, delays, and breaks. All these methods exist. However, if one puts in doubt the status of the talks participants, then it means that different kinds of talks will have to be held, with other people and on other matters. It is not so simple, and if one does that, then it means one is deliberately writing off everything which has been done. I think that it would be wrong to act like that.

[Murtazin] What is your opinion, do Maskhadov and Imayev have the situation under control?

[Baturin] I think that at present there is no one from the Chechen side who has the situation under full control.

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Yeltsin Signs Edict on Political Asylum Regulations

LD2707165495 Moscow INTERFAX in English 1501 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, JULY 27 (INTERFAX) — President Yeltsin signed a decree that confirms Regulations for Granting Political Asylum in the Russian Federation, Yeltsin's press service told INTERFAX.

Under these regulations, the Russian Federation grants political asylum to "foreigners and displaced persons who are seeking refuge and protection against persecution for social and political activities and convictions that meet the principles professed by the international community, in their mother countries or countries where they usually live."

Those who have been granted political asylum, enjoy all rights and freedoms enjoyed by the Russian citizens, with the exception of cases singled out by federal legislation and international agreements signed by the Russian Federation.

Political asylum is granted by presidential decree. Requests for political asylum are considered by the Federal Migration Service (FMS) which, in turn, acts on advice from the Ministry of Internal Affairs, the Foreign Ministry and the Federal Counterintelligence Service. A Citizenship Commission under the Russian President processes FMS recommendations and presents them to the President.

For security reasons and as a result of moves that fail to meet the aims and principles of the United Nations, political emigres can be stripped of the right to enjoy political asylum in the Russian Federation. Those who have committed a crime as well as those who are expected to serve a court sentence may be stripped of that right, too.

Text of Edict on Political Asylum

LD2807122395 Moscow ITAR-TASS World Service in Russian 1400 GMT 27 Jul 95

[FBIS Translated Text] Moscow, 27 Jul (ITAR-TASS) — President Boris Yeltsin has signed an edict "On the endorsement of the clause on the procedure for granting political asylum in the Russian Federation," the press service of the head of state reported 27 July. This clause has been endorsed in keeping with articles 63 and 89 of the Russian Constitution. The edict comes into force from the day of its publication.

The full text circulated by the president's press service follows below:

"Clause on the procedure for granting political asylum in the Russian Federation. This clause defines the procedure for the granting of political asylum to foreign citizens and stateless persons in the Russian Federation and their status.

General clauses —

1. Political asylum in the Russian Federation is granted to foreign citizens and stateless persons (hereafter referred to as persons) on the basis of the commonly recognized principles and norms of international law and in keeping with the Russian Constitution and the current clause.

2. The Russian Federation grants political asylum to persons seeking refuge and protection from persecution or the real threat of becoming the victim of persecution in the country of which he or she is a citizen or in the country where he or she normally resides for socio-political activity and convictions corresponding to principles recognized by the world community.

Attention is hereby drawn to the fact that the persecution is aimed directly against the person who has requested political asylum in the Russian Federation.

3. The granting of political asylum in the Russian Federation is carried out by edict of the Russian president.

4. A person who has been granted political asylum enjoys the same rights and freedoms and bears the same responsibilities as the citizens of the Russian Federation, except in cases established for foreign citizens and stateless persons by federal law or by an international agreement of the Russian Federation.

The granting of political asylum also extends to the family members of the person who has received political asylum, on condition that they consent to the application. The consent of children under 14 years of age is not required.

5. Political asylum in the Russian Federation is not granted if:

— an individual is being persecuted outside the boundaries of the Russian Federation for activities (or criminal negligence) which are ackowledged to be a crime in the Russian Federation, or is guilty of carrying out activities contrary to the goals and principles of the United Nations Organization;

— an individual has been charged with criminal proceedings or there exists a guilty verdict of a court on the territory of the Russian Federation in relation to these proceedings which has acquired the force of law and is subject to enforcement;

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— an individual has arrived from a third country where he has not been threatened with persecution;

— an individual has supplied information knowing it to be false;

— an individual possesses the citizenship of a third country where he is not being persecuted.

6. An individual who has been granted political asylum in the Russian Federation forfeits the right to political asylum in the event of:

— his return to the country of his citizenship or regular place of domicile which he has left;
— his departure to live in a third country;
— his voluntary refusal of political asylum in the Russian Federation;
— his acquiring citizenship of the Russian Federation or citizenship of another country.

7. An individual may be deprived of the political asylum that he has been granted in the Russian Federation by the Russian president for reasons of national security, and also in the event of his engaging in activities that run counter to the goals and principles of the United Nations Organization, or if the individual has committed a crime and there exists a guilty verdict of the court that has acquired the force of law and is subject to enforcement.

II. The procedure for submission and examination of an application for political asylum in the Russian Federation.

8. A person wishing to acquire political asylum in the Russian Federation is obliged, within seven days of his or her arrival on the territory of Russia or from the moment that circumstances arise that do not permit the person to return to the country of which he or she is a citizen or where he or she usually resides, to personally submit a written application to the territorial body of the Russian Federal Migration Service at their place of abode, which will be sent to the Russian Federal Migration Service, if there are sufficient grounds for granting asylum.

The application for political asylum in the Russian Federation will not be examined, if the grounds indicated in point 5 of this clause exist.

During the period that the application for political asylum in the Russian Federation is being examined a certificate of an established format is issued which, together with a document of identification, is confirmation of lawful sojourn on the territory of the Russian Federation. After a decision on the application has been taken, the certificate is withdrawn by the body that issued it.

9. In an application addressed to the Russian president for political asylum in the Russian Federation the circumstances testifying to the reasons indicated in point 2 of the present clause as well as the necessary biographical information should be set forth.

10. The Russian Federal Migration Service examines the applications submitted, requests the conclusions of the Russian Interior Ministry, Foreign Ministry, Federal Security Service, and then sends these materials to the Commission on Citizenship under the Russian president with its own conclusion on the possibility and expediency of granting a person political asylum in the Russian Federation.

11. The Commission on Citizenship under the Russian president examines the applications and concomitant materials and makes its own proposals regarding each application to the Russian president for him to make a decision on it.

12. The period for examination of the applications at the Russian Federal Migration Service, the Interior Ministry, the Foreign Ministry, the Federal Security Service should not exceed one month at each of these bodies.

III. Procedures for implementing the edicts of the Russian president on granting political asylum in the Russian Federation

13. The edict of the Russian president on granting an individual political asylum in the Russian Federation comes into force from the day it is signed.

14. The Russian Federal Migration Service is to inform people applying for political asylum to be granted to them in the Russian Federation of the decision taken via its territorial bodies within a seven day period from the adoption of the edict by the Russian president.

If an application is rejected an individual will be told that his further stay will be ruled by Russian Federation legislation determining the procedure for foreign citizens and individuals without citizenship staying on the territory of the Russian Federation.

15. An individual who is granted political asylum in the Russian Federation, as well as members of his family, will be given a standardized certificate at the place where he applied.

16. Russian Federation internal affairs bodies will grant residence permits to individuals referred to in point 15 of this clause on the basis of the written application to the Russian Federation Migration Service and the certificate granting political asylum in the Russian Federation.

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17. The form of certificates on the legal stay of individuals in connection with the consideration of their applications as well as that of certificates and applications for the granting of political asylum in the Russian Federation will be established by the Russian Federal Migration Service in agreement with the Russian Interior Ministry and the Russian Federal Security Service.

Edict on Federal Security Service Amended

MM2707124995 Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 95 p 4

[Edict No. 756 of the Russian Federation president "On Making Changes to the Russian Federation President's Edict No. 633 of 23 June," signed by Russian Federation President Boris Yeltsin in Moscow on 24 July — from the 'Documents' section]

[FBIS Translated Text] 1. Point 4 of the Russian Federation president's Edict No. 633 of 23 June 1995 "On Priority Measures To Implement the Federal Law 'On Federal Security Service Organs in the Russian Federation'" is to be set forth as follows:

"4. Eight posts of deputy director of the Russian Federation Federal Security Service, including two first deputy directors and a deputy director — chief of the Russian Federation Federal Security Service Administration for the City of Moscow and for Moscow Oblast — a 12-person collegium, and also the number of employees of the Russian Federation Federal Security Service administration apparatus, previously set at 1,520 for the Russian Federation Federal Counterintelligence Service, are to be established in the Russian Federation Federal Security Service."

2. This edict comes into force the day it is signed.

[Signed] Boris Yeltsin, president of the Russian Federation

[Dated] 24 July 1995

Yeltsin Signs Law on Increasing Minimum Wage

LD2807100695 Moscow ITAR-TASS World Service in Russian 1450 GMT 27 Jul 95

[FBIS Translated Text] Moscow, 27 Jul (ITAR-TASS) — Today, President Boris Yeltsin signed a federal law "On increasing the minimum wage." The text of the law is as follows:

"On increasing the minimum wage"

Article 1. To establish a minimum wage of R55,000 a month from 1 August 1995.

Article 2. The minimum wage as set out in Article 1 of this federal law is to be introduced:

— by organizations financed from budgetary sources from the fund of the corresponding budgets:

— by other organizations from their own funds.

Article 3. Grants to students of educational establishments of higher professional learning, pupils of educational establishments of secondary professional and primary professional education and post-graduate students doing sandwich courses at educational establishments of higher professional learning and scientific-research establishments, and corresponding benefits and other social payments are to be fixed based on Article 1 of the federal law on a minimum wage.

Article 4. Expenditures connected with the payments provided for in Article 3 of the federal law are to be met from existing sources of their financing.

Article 5. The Government of the Russian Federation is to submit to the State Duma a draft law to revise the indicators of the federal budget for 1995 in connection with the increase in minimum wages payable by organizations financed from the federal budget. The revenue of target-specific budget allocations is to be exempted.

As far as the organizations financed from the budgets of the constituent parts of the Russian Federation are concerned, the expenditure in connection with the increase in minimum wages is governed by a procedure established by the relevant constituent parts of the Russian Federation.

Article 6. The federal law "On increasing minimum wages" (Collection of laws of the Russian Federation 1995 No. 17 page 1453) is to be regarded as no longer in force.

Article 7. The calculation of taxes, dues and other payments, carried out in accordance with the Russian Federation taxation laws depending on the amounts of minimum wage is to be based on the minimum wage as established by Article 1 of this federal law and is to take effect from 1 August 1995.

Article 8. This federal law comes into force on 1 August 1995.

Yeltsin Signs Decree on Investment Policy

LD2707111895 Moscow INTERFAX in English 1011 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (INTERFAX) — Russian President Boris Yeltsin signed a decree Wednesday on making the country's investment

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policy more efficient, the president's advisor on economic issues Aleksandr Livshits told INTERFAX.

Livshits said the decree laid a legal foundation for a new kind of investment fund which will attract savings from both individuals and legal entities.

The new kind of investment fund will be run by a managing company which will decide into where money should be invested (securities, real estate, bank deposits or other property) in order to gain the biggest profit. However, the company will have to abide by the strict regulations for its performance set by the same presidential decree.

Livshits said that when drafting the decree experts had paid special attention to protection of investments of individuals against "unscrupulous people who would like to misappropriate investments of the population without giving anything in return." However, he added that nobody could guarantee to investors the profitability of their investments if the managing company invested into an unpromising project.

After accumulating some amount of investments the investment fund of the new type will conclude an agreement on keeping these funds with a bank. The bank will register the property and control the decisions of the managing company on the property, its payments to investors and return of money to the population. The Central Bank will exercise strict control over those capable of offering the deposit services.

Livshits said the investment funds could be broken down into two categories. The first type of the new investment fund allows the investor to redeem his share in the investment fund within 15 days after the relevant demand. The second type of the new investment fund allows the investor to redeem his share in it within a definite time but at least once a year.

Thus, the population's investments will increase not due to the interest rate or dividends but due to a rise in the cost of the project into which the managing company had invested.

Livshits said analogous investment funds had long ago been created in countries with developed market economies.

Directive on Arctic Ports Open to Foreign Ships

MM2707130395 Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 95 p 6

[Russian Federation Government Directive No. 939-r, signed by Government Chairman Viktor Chernomyrdin in Moscow on 10 July 1995]

[FBIS Translated Text] 1. The Russian Ministry of Transport proposal, coordinated with the Russian Ministry of Defense, Russian GTK [State Customs Committee], Russian FPS [Federal Border Service], and Russian Federation Security Service, on allowing foreign tankers to enter ports and locations in the 1995 navigation season according to the appendix and foreign refrigerator ships to enter the port of Dudinka, is adopted.

2. The Russian FPS and the Russian GTK are to ensure that border and customs controls are exercised over the tankers and refrigerator ships mentioned in paragraph 1 of this directive, both on arrival in the Russian Federation and on departure from the Russian Federation, in ports open to foreign ships, and the Russian Defense Ministry is to provide Russian state Northern Sea Route pilots or engineer hydrographers with the necessary charts and aids for accompanying foreign ships.

[Signed] Russian Federation Government Chairman V. Chernomyrdin

List of Arctic Ports and Locations Open to Foreign Tankers in the 1995 Navigation Season

Amderma, Anabar, Belyy, Baygach, Viktoriya, Vilkitskiy, Geyberg, Golomyanyy, Greem-Bell, Dikson, Dudinka, Zhelaniya, Zimovochnaya, Indigirka, Iondayakha, Isachenko, Karmakuly, Kolyma, Malyy Taymyr, Menshikova, Minina, Nagurskaya, Novyy Port, Pankratyev, Pevek, Peschanyy, Pravdy, Preobrazheniya, Rudolpha, Russkaya Gavan, Russkiy, Ryveyem, Seyakha, Solnechnaya, Sredniy, Sterligova, Tambey, Tiksi, Uyedineniya, Kharasavey, Khatanga, Kheysa, Chelyuskin, Shavor, Shmidta, Eklips, Yana.

Gaydar on Party Election Maneuvering

954F2906A Moscow LITERATURNAYA GAZETA in Russian 19 Jul 95 No 29, p 11

[Interview with Yegor Gaydar, chairman of Russia's Democratic Choice, by LITERATURNAYA GAZETA observer Oleg Moroz; place and date not given: "A Split Among the Democrats Will Lead to Catastrophe"]

[FBIS Translated Text] [Moroz] With which political forces, aside from those with which you have already

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united in an election bloc, do you propose to coordinate your actions within the framework of the upcoming campaign for elections to the State Duma? What principles might serve as a basis for unity and coordination?

[Gaydar] Potential partners for us are all political forces that occupy a position similar to ours on the following main issues. The first is the strengthening of the market in Russia. The second is the protection of private property and a strengthening of guarantees connected with it. The third is a stable national currency and a halt to the price rises as a most important political task. The fourth is a peaceful foreign policy. The fifth—the preservation of democratic institutions: freedom of the press, freedom of speech....

[Moroz] Is the creation of a broad election coalition of democratic forces possible? A broad election bloc? What is preventing this?

[Gaydar] The situation is asymmetrical. We advocate unification, our partners are opposed as yet. We believe that unification is being hampered by an inability to differentiate between strategic and tactical priorities. This was manifested very clearly in G. Yavlinskiy's article published recently in IZVESTIYA "The Split Among the Democrats Is No Tragedy." Yes, we have strategic disagreements on many important matters. Really substantial disagreements. And in five years' time they would be very significant. We are a center-right force, say, and there are center-left forces.... But these differences between us would be of fundamental importance only after other questions of priority importance for Russia had been tackled. Whether we will have a market at all, whether there will be private property at all, whether there will be democracy at all, for example....

[Moroz] According to the forecasts, the democrats could sustain a serious defeat at the coming Duma elections. What do you think, is this danger fully recognized in the democratic camp? Will it be a real stimulus to unification or will it engender merely a sense of doom? Are the democrats capable of drawing the conclusions from the failures of past elections or was the lesson of no use?

[Gaydar] Yes, the danger is perceived. I believe that many politicians of the democratic spectrum understand the reality of this threat. I, for example, fully understand it. If I am hoping for anything, it is for the healthy self-preservation instinct of my democratic camp colleagues. To what extent this works, time will tell. Perhaps you will remember that just before the past elections of 1993 I said repeatedly that we need not to sort things about among ourselves but to fight against the real enemies—the communists and radical nationalists, say. At that time also many of my potential partners expressed on many occasions in the press their categorical disagreement with this: "Look, now, Gaydar is intimidating us with the communists.... What communists can there be? They've been out of it for a long time...."

[Moroz] Do you not think that the communists, agrarians, and Zhirinovskiyites are displaying more of an inclination to unification than democrats of various hues? What is going on?

[Gaydar] They have their problems also. The syndrome which at the preceding elections worked against us: The perception of an impending victory simultaneously engenders a passionate desire to get to know its fruits, is now beginning to work against them. So I believe that for our opponents the problem of interaction at the parliamentary and, particularly, the presidential elections will be very complex.

[Moroz] If we abstract ourselves from the recent row between yourself and Yavlinskiy and, nonetheless, once more—if only theoretically—consider the model of the possible interaction of your party and the Yabloko bloc, what principal contradictions of a fundamental nature which could serve to prevent such interaction are discerned here?

[Gaydar] We have ideological disagreements, of course. Russia's Choice is by nature a center-right party. Yabloko, in my view, is—although this should be clarified with Grigoriy Alekseyevich—more of a center-left movement. In terms of program principles, attitude toward inflation.... It is around this that the struggle is being conducted, as in all stable democracies. But these strategically very significant matters are not the dominant ones today. Entirely different issues are predominant—those on which we are united. It is the lack of understanding of this that is the main obstacle.

[Moroz] Could you not, all the same, name three or four items on which there is a difference, but which today—tactically—would not seem to be as significant?

[Gaydar] Certainly. The role of the state in the economy, say. If you take a look at our program documents, we are for a more economical, compact state, a state that has fewer government officials, less expenditure on them, that is. Yabloko is for a larger role for the state. Accordingly, for higher taxes, although the social democrats and the center-left usually do not care to talk about this. This, perhaps, is the first, most serious, disagreement. Further, we are for the stricter pursuit of a policy of halting inflation and for financial stabilization and for stopping the price rises. Yabloko adopts a more evasive approach to this matter and is leaving itself a base for compromise, as it were. This also is

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characteristic of center-left political forces. Here is the second strategic disagreement. But I shall emphasize once again that this is, in my opinion, by no means dominant on today's political scene. Because both the state we see and the state Yabloko sees differ to a colossal extent from the state we have today, which looms over society.

[Moroz] What are the differences in the views on the tactics of conducting the election campaign?

[Gaydar] We have different positions. Much has actually been done on account of Russia's Choice. Consequently, there is much responsibility. Both for the reforms that were begun and for the fact that they were halted by our opponents. Less has been done on account of Yabloko. Less responsibility, therefore. It is this that determines the difference in tactics, in slogans.

[Moroz] What are the obstacles connected with personality features—yours and Yavlinskiy's?

[Gaydar] I do not believe that this is a dominating issue either. For my part, there are no obstacles....

[Moroz] Much is being said about the fact that everything comes down to personal ambitions....

[Gaydar] It does not come down to my ambitions. I have no personal ambitions. I have always advocated the unity of the democratic forces. And have issued no ultimatums en route to this unity. To be honest, I would not want to cast aspersions at Grigoriy Yavlinskiy either. I will say once again that I do not think that it is exclusively a question of personal ambitions here. A confusion of strategic and tactical tasks, more likely.

[Moroz] You have not always been of this viewpoint, I believe. You wrote in the newspaper SEGODNYA last November, responding to Yelena Georgiyevna Bonner, who was appealing to you, Yavlinskiy, and Boris Fedorov for unity: "When a movement (democratic—O.M.) goes into decline, confusion intensifies, communication breaks down, and personal ambitions, sometimes tragi-comic and simply comical, begin to prevail...."

[Gaydar] I meant that if the threat of the collapse of democratic institutions is serious, for democratic politicians in this situation not to learn to interact would signify a display of an astonishing airiness testifying that to discuss their disagreements in a concentration camp is for them, evidently, more pleasant than to reach agreement on unity of action before they end up there.

[Moroz] What problems are created by the fact that Yavlinskiy's approval rating is higher than yours and that he has long been stating his intention to run for president?

[Gaydar] None. We are now tackling the problem of parliamentary elections. We are proposing that there be no discussion of the problem of the presidential elections as yet. We are prepared to discuss it after the parliamentary elections, when their results have strictly revealed political realities and have shown whom the voters support. We are ready for dialogue.

[Moroz] Nonetheless, a person who has his sights set on the presidential elections will prepare somewhat differently for the parliamentary elections. These are for him primaries, as it were, a preliminary test of the electorate's attitude toward his person.

[Gaydar] We are prepared to view the parliamentary elections as primaries in relation to the presidential elections. As far as approval ratings are concerned, the ratings have differed. The results of the 1993 elections, say, differed appreciably from the results of the polls conducted not long before them. At the same time I take an entirely serious view of the problem of the selection, nomination, and support of the candidate of the democrats who has a chance of being elected. This will be far easier when the results of the parliamentary elections are to hand.

[Moroz] You yourself do not intend to run for president?

[Gaydar] We have a party decision in this connection. I believe that it is absolutely right. We believe that the question of the candidates at the presidential elections should be decided after the parliamentary elections. Because a discussion of this matter now would not be based on a real understanding and knowledge of what is happening in Russia's political life and on a knowledge of the levels of political support. Such a discussion would be objectively provocative and would divide potential allies. I repeat, we are prepared to view the parliamentary elections as presidential election primaries, only not to discuss the specific candidates for the post of president at this time.

[Moroz] You do not connect with Yavlinskiy's high approval rating his relatively clearly discernible reluctance to unite with anyone in the campaign period? I have heard repeatedly that the idea of unification is unproductive for Yavlinskiy inasmuch as he could get lost among other, less popular, politicians here.

[Gaydar] I can understand this line of reasoning. I would remind you that it was realized strictly on the eve of the 1993 elections. Yavlinskiy's approval rating was the highest at that time also. And? The Yabloko bloc did not win a crushing victory, let's say, at these elections. It obtained only slightly more than 7 percent. So this logic proves not that productive when put to the test. We have had all this before.

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[Moroz] But in the article you mentioned Yavlinskiy gives the assurance that had the democrats at the 1993 elections acted in a single monolithic bloc, fewer people would have voted for this bloc than for Russia's Choice, the Party of Russian Unity and Accord, and Yabloko in toto.

[Gaydar] All these are speculative calculations. This is what I am convinced of: The split among the democrats is very much disorienting our potential supporters and demobilizing them. "Since you cannot agree among yourselves, we will not vote for anyone at all." As a result the social groups on which we could rely will, being disoriented, reduce their presence at the elections. This is why we are with exceptional importunity and obtrusiveness, I would say, saying continually: Dear friends, you may have a mass of tactical considerations, but we will all lose from dissociation. Go to any provincial city—you are asked everywhere: "Why can you not agree? Why can you not act together? Why can you not coordinate positions? You realize that you are hereby undermining your common positions?" I would like our potential partners to see all this very clearly.

We do not need a coalition. We are not seeking it for ourselves. We at this time have the most capable federal structure, which no other democratic bloc has, perhaps. And for us any agreement on joint actions is something of a problem. But we are prepared to tread on all possible corns of ours because we understand our responsibility as the biggest and most capable democratic structure for the accomplishment of this task.

[Moroz] Do you have some analytical data as to what your electorate is and what that of Yabloko's is?

[Gaydar] Of course we do. Our electorates are, in principle, quite similar. Our electorate, like that of Yabloko, is comparatively well educated and comparatively highly skilled, is more urban than rural, is concentrated mainly in the big cities, not in small ones, more in the north and the center than in the south.... But there are certain differences also. In the level of social optimism, say. Our electorate is more optimistic than Yabloko's.

[Moroz] Some of your potential allies believe that it is not beneficial to cooperate with you inasmuch as you drag behind you the tail of the reforms which you started—these reforms have thus far resulted in more losses than benefits for the ordinary voter....

[Gaydar] I understand these considerations also. But, on the other hand, real things, it would seem, have been done on account of us. Despite the fact that we bore that same burden, at the last elections we obtained more votes for some reason or other than all the other democratic blocs put together.

[Moroz] Many of your potential allies built the last election campaign on unbridled criticism of Russia's Choice. Do you expect the same on this occasion? Or will your critics understand that they are engaging in self-abasement?

[Gaydar] I hope they will. I hope that we will manage to reach agreement on some common principles of the conduct of election campaigns if only among the potentially democratic forces. Truly, our critics got nothing out of the last campaign. And they would hardly get anything now.

[Moroz] To what extent might criticism of the actions of the president and the government in general and in Chechnya in particular serve as a platform for unification?

[Gaydar] It could, of course, be a basis for dialogue and unification, but it should be understood that criticism is a varidirectional tool. We criticize the government and the president, say, and the agrarians do likewise. This could hardly serve for our broad electoral unification. On the other hand, the party of social democracy, say, will hardly criticize the president actively: It supports him. This fact does not for me impose a ban on dialogue and unification with this party in the campaign period. I shall explain our position once again. Yes, we see the threat to Russian democracy. We are well aware of it. We, as responsible forces, would like to pit against this threat united, common actions. It is not us, not the Russia's Choice bloc, not the Russia's Democratic Choice party, which needs these actions. They are needed, in my opinion, by Russia and all who share elementary responsibility for the fate of Russian democracy. Lest we subsequently tear out our hair and explain how ineptly we let slip the historic opportunities we had.

[Moroz] Much is being said about the democrats' coordination of actions in head-to-head constituencies—that which was not achieved at the last elections. What do you think, will it be achieved this time?

[Gaydar] I very much hope so.

[Moroz] Is anything being done for this?

[Gaydar] We have given the localities directives. We have sent out the appropriate letters. Our party organizations have received general instructions concerning negotiations with all who are viable and concerning support for single candidates. We already have such arrangements in individual regions.

[Moroz] Your former colleague Oleg Boyko maintained in an interview that after the elections there would be

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an even worse parliament and an even worse president. Do you agree?

[Gaydar] Everything is up in the air. The political situation in Russia now is very unstable. The level of support of any party is very low. Everything will depend to a tremendous extent on what the politicians do in the coming period.

[Moroz] What do you think of this Boyko viewpoint: The parliamentary and presidential elections should be postponed for a year or two?

[Gaydar] I categorically disagree.

[Moroz] Did he express it while still a Russia's Choice figure?

[Gaydar] He did, naturally. And I have never supported it.

Electoral Commission Head Details Campaign

LD2707122595 Moscow Radio Rossii Network in Russian 1000 GMT 27 Jul 95

[FBIS Translated Text] The forthcoming elections to the State Duma are the subject of numerous news conferences that the central electoral commission has been holding in recent days. Georgiy Sovtsov has the details:

[Sovtsov] The chairman of the central electoral commission believes the main obstacle on the path to democratic election is the lack of laws on the elections to the Federal Assembly and on the procedure for determining electoral districts. Nikolay Ryabov gives examples of misinterpretation of the existing legislature.

[Begin Ryabov recording] The electoral campaign will be complicated. The period of five months that had been set for the preparation for the elections has been marred by the lack of the law on how to set up electoral districts, which makes it impossible to put forward the candidacies of deputies from single mandate districts or to hold congresses or conferences of public groups before the drawing up of the federal list. It also makes it impossible to start collecting signatures in support of future candidates or electoral blocs.

Apart from that, serious attention is being paid to the formation of electoral commissions in the constituent parts of the federation. According to the law, the campaign must end before 28 July. In a number of constituent parts there is a serious lack of understanding of the electoral law. The electoral law states, for example, that the electoral commissions in the constituent parts must be made up of 10-14 people. However, in the republic of Tatarstan and in Saratov District the commissions there are 21 people. Meanwhile in Kurgan District it is 19 people, and in the republic of Tuva, Pskov, Sakhalin, and in Leningrad District—17 people. In Ulyanovk District, where there is no legislative body, the electoral commission has been set up on the order from the head of administration. In Nizhniy Novgorod a commission has been set up for the election of the Russian president. It seems some people are very eager to elect the president without bothering to elect deputies to the State Duma. [end recording]

[Sovtsov] Even the procedure for the formation of electoral blocs and their registration with the central electoral commission needs some clarification. In particular, every public body must only be an electoral body. If this body joins an electoral bloc it can no longer act as an independent electoral entity or join another electoral bloc. The rules of every public body must contain the provision that it will participate in the elections to the federal power bodies. Drawing on the experience of past elections, the central electoral commission has drafted an instruction on the use of electoral funds. Its draft has already been approved by the Finance Ministry and the Central Bank, and will be presented to the leaders of public movements and bodies at a meeting on 4 August.

The draft of the instruction on the provision of airtime on state radio and television to the candidates and electoral bodies has already been sent to the management of the state TV and radio company. In particular it states that the provision of free airtime to electoral blocs must be carried out in accordance with a schedule approved by the central electoral commission. The central electoral commission believes that this will make it possible to provide equal opportunities during the electoral campaign. However, the complete text of this document needs to be studied more carefully.

Regulations for Financing Duma Elections Approved

LD2807112195 Moscow INTERFAX in English 1005 GMT 28 Jul 95

[FBIS Transcribed Text] MOSCOW, July 28 (INTERFAX) — The Central Electoral Commission approved regulations on forming and spending funds by election coalitions and individual candidates to the State Duma, the lower house of the Russian parliament, at a Friday session in Moscow.

Under the regulations election funds of coalitions can be formed at the expense of appropriate electoral commissions, i.e., the federal or regional budget.

They can also be formed at the expense of the coalitions themselves. Their size should not exceed 4,370 million

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rubles. The ceiling on donations of individuals is set at 1.3 million and of legal entities 87.4 million.

The maximum spending of an election coalition is to be 10,925 million.

The election fund of an individual candidate is formed from his or her own contribution (not more than 43.7 million) and his or her election association (not more than 65.55 million).

Donations of individuals should not exceed 874,000 rubles and of legal entities 8,74 million. The ceiling on the size of the fund is 437 million rubles.

Donations by foreign countries, organizations and citizens as well as persons without citizenship are prohibited. Russian legal entities with a share of foreign capital exceeding 30% are not allowed to contribute either.

The regulations say that canvassing should be conducted only at the expense of election funds of associations or individual candidates.

Election associations and individual candidates must submit reports on spending on the election campaign within 30 days after the publication of the returns.

"If a candidate or election coalition used other means than their fund for campaigning, the Central or district Electoral Commission can appeal to court for cancelling the decision on registration. The appeal will be examined within five days and immediately, if it is submitted five days before elections," say the regulations.

'Russia's Choice' Ready To Join With 'Our Home'

MK2707101295 Moscow SEGODNYA in Russian 27 Jul 95 p 2

[Report by Gleb Cherkasov: "'Democratic Russia' Conducts Talks With Ella Pamfilova and Mikhail Poltoranin. 'Russia's Choice' Movement Ready To Conclude Accord on Cooperation With 'Our Home'"]

[FBIS Translated Text] The Federal Party of "Democratic Russia" [FPDR] is conducting talks with Mikhail Poltoranin, Duma Information Policy Committee chairman, and Ella Pamfilova, former leader of the "Russia's Choice" ticket and State Duma deputy, on the setting up of an election coalition. FPDR Chairman Lev Ponomarev has told INTERFAX that Mr. Poltoranin and Mrs. Pamfilova "may prove attractive to the voters." Mr. Ponomarev assumed that Ella Pamfilova, who recently joined the Republican Party, "may join the 'Democratic Russia' bloc together with this party."

The "Russia's Choice" movement political council has made a decision to join no electoral coalitions. At the same time the movement's regional branches were granted the right to support candidates of democratic electoral associations in one-seat constituencies depending on the specific local situation. The "Russia's Choice" movement also intends to conclude agreements with the "Democratic Choice of Russia" party and the "Forward, Russia!" and "Russia Is Our Home" movements. Apparently, the first to be signed will be an agreement with "Russia Is Our Home."

Media Issues

New Press Committee Chief Laptev Interviewed

MK2707120695 Moscow OBSHCHAYA GAZETA in Russian No. 30, 27 Jul-2 Aug (Signed to press 26 Jul 95) p 1

[Interview With Ivan Laptev by Yelena Dikun: "Gryzunov Is Fixed Up With Another Job: Laptev Gets What He Was Promised"]

[FBIS Translated Text] On Wednesday [26 July], Sergey Gryzunov, Russian Federation Press Committee [Roskompechat] chairman, was relieved of his duties by a government decree. His former deputy, Ivan Laptev, was appointed head of the committee.

According to talk in the corridors, an attempt to unseat Gryzunov was made back in February for his failure to provide information support for the operation by federal forces in Chechnya. That sparked off a campaign in the press in defense of Gryzunov; some people from the presidential entourage interceded for him, in particular, Sergey Filatov and Vyacheslav Kostikov. As a result, Gryzunov kept his job.

Well-informed sources in Roskompechat have told OBSHCHAYA GAZETA that the latest decision on Gryzunov's dismissal was made on Tuesday [25 July] when the president and the premier met in Barvikha. To Sergey Petrovich [Gryzunov] this came as a total surprise. After the dismissal had already been announced, he was summoned to Vice Premier Vitaliy Ignatenko. Gryzunov was not told anything about the reasons for his dismissal, but was offered a job abroad — in a rank "below that of ambassador but above that of press attache." Sergey Petrovich came away pleased with the offer, and he does not intend to stage any protest action.

The new Roskompechat chairman, Ivan Laptev, gave his first interview to OBSHCHAYA GAZETA.

[Dikun] You are known to have been considered as a candidate for Roskompechat chairman as early as last year in the wake of Boris Mironov's dismissal. Why did they not appoint you at that time?

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[Laptev] I don't know, although there was talk about it much earlier. When Mikhail Poltoranin was still vice premier, he offered me the job. At that time, though, I did not think it was possible to leave IZVESTIYA, which was in conflict with Khasbulatov and found itself in a difficult position. I joined Roskompechat when I became aware of the fact that the printing sector was on the verge of collapse. I was hoping I would somehow be able to rectify the situation.

[Dikun] Did you feel sorry that they only appointed you deputy chairman?

[Laptev] Not at all. What's the difference? What is more, Sergey Petrovich Gryzunov offered me the position of his first deputy, but an ordinary deputy has more freedom of action.

[Dikun] You have no ambition?

[Laptev] All of my ambition, if any, remains in the past.

[Dikun] Does the personnel reshuffle in Roskompechat signal a change in its political line?

[Laptev] There is no political implication there. The general line of the committee was fashioned by us jointly: by Gryzunov, myself, and others. I think that the president and the premier appointed me because all my life I have been in the press and have dealt for a long time with printing problems.

[Dikun] There is information, however, that Gryzunov has been trying to put you out of business lately.

[Laptev] True, for reasons I do not know, the Main Book Publishing Administration was taken out of my charge a short while ago. I had less work to do. What did that mean, you may ask? I had no discussion with Gryzunov in this connection, but I would not like to elaborate on our relationship at this point. It is poor form when a new boss starts criticizing his predecessor. Gryzunov worked the best he could. Let's see how I make out.

[Dikun] Do you think you will have to be engaged in the ruling "Russia Is Our Home" bloc's propaganda campaign?

[Laptev] By definition, the committee is close to political structures, and this leaves a mark on the behavior of those working for it. But I am convinced that there will be no command from the top to support "Russia Is Our Home." If people do come along who want to tell the press what to do, they are unlikely to succeed. I, for one, do not intend to follow the practice which has taken root in our society of using the media in one's own interests.

Laptev on Replacement of Gryzunov

LD2707203895 Moscow INTERFAX in English 1501 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (INTERFAX) — The chairman of the State Press Committee, Ivan Laptev, told a collegium meeting in his committee after being presented in this capacity that the reason for sacking his predecessor, Sergey Gryzunov, was the critical situation in the printing industry rather than his political views.

According to Laptev, "the industry has degraded to such an extent that there will be nothing to print the ABC in five years, if it is not stopped."

Laptev said he planned to audit the committee's activities. Answering an INTERFAX question, he added that any leader was to begin his work with familiarizing himself with the state of affairs in his body.

Laptev criticized the committee's personnel policy quoting writer Viktor Rozov as saying that "the boot-licking flourishing in these walls humiliates people and makes them forget their dignity." Most professionals left the committee lately, he added.

Presenting Laptev, Deputy Prime Minister Vitaliy Ignatenko said the new chairman will have to start from the very beginning. "The industry is in a neglected state," he noted.

Commenting on his appointment, Laptev remarked that "this decision was not easy for me."

Laptev said "the Russian government promised me help and support." "At an earlier meeting, Prime Minister Viktor Chernomyrdin pointed out the need to seriously handle the industry," he told INTERFAX after the news conference.

Laptev doubted the reports that Gryzunov had been sent to the Russian embassy in one of the republics of former Yugoslavia reported by some media. He added he could not say whether Gryzunov's appointment was certain.

Laptev told INTERFAX that he had asked about Gryzunov's future when he was informed of his new appointment. The answer was "Sergey Gryzunov will go beyond Russia's borders for a good job," he added.

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Military & Nuclear Issues

Yeltsin Edict Repeals Decisions on Defense Issues

MM2707111795 Moscow ROSSIYSKIYE VESTI in Russian 27 Jul 95 p 1

[Unattributed report: "Acts of the Former USSR on Defense Matters Repealed"]

[FBIS Translated Text] Boris Yeltsin has signed an edict to this effect [reference to headline]. In accordance with the Russian Federation Constitution and legislation on military matters, the president declared invalid the 12 February 1991 decree by the USSR Cabinet of Ministers "On Amendments to the Statute of the USSR Defense Ministry," the 22 June 1991 edict of the USSR president "On Ratifying the Statute on Military Councils in the USSR Armed Forces, Forces of the USSR KGB, Internal Troops of the USSR Internal Affairs Ministry, and Railroad Troops," the 12 October 1991 edict of the USSR president "On the Procedure for Appointing and Dismissing USSR Armed Forces Commanders," and the 12 November 1991 edict of the USSR president "On Creating the Strategic Deterrent Forces in the USSR Armed Forces."

Yeltsin Makes Decisions on Armed Forces Financing

LD2707171895 Moscow ITAR-TASS World Service in Russian 1614 GMT 27 Jul 95

[By ITAR-TASS correspondent Mikhail Shevtsov]

[FBIS Translated Text] Moscow, 27 Jul (ITAR-TASS) — Oleg Soskovets, first deputy prime minister of the Government of the Russian Federation, admitted today that "there is indeed underfinancing of Russia's Armed Forces." He said in this connection that the "president of the Russian Federation has made tough decisions on covering debts in respect of providing for the day-to-day financing of the Armed Forces and the execution of the 1995 budget for the Defense Ministry and the Internal Affairs Ministry."

Oleg Soskovets held a news conference today in the town of Nakhabino in Moscow oblast where he had come to take part in the ceremony of inaugurating the construction by a German-Turkish consortium of the last of 32 military cantonments for Russian servicemen withdrawn from Germany,

Oleg Soskovets said that the president made these decisions on Wednesday [26 July] after his meeting with Defense Minister Pavel Grachev and Foreign Minister Andrey Kozyrev.

O. Soskovets did not provide any details about the presidential decisions.

Grachev Interviewed on Record as Defense Minister

MM2807093795 Moscow KOMSOMOLSKAYA PRAVDA in Russian 28 Jul-2 Aug 95 pp 4-5

[Interview with Defense Minister Pavel Grachev by Andrey Vandenko; place and date not given: "Minister for All-Around Defense. Pavel Grachev Explains Who and What He Has To Constantly Defend Himself Against and Why"]

[FBIS Translated Text]**Outer Circle**

[Vandenko] Pavel Sergeyevich, do you never think that your official job title is short of a single word — minister of all-around defense?

[Grachev] What do you mean?

[Vandenko] That you have to deal not only with the defense of Russia but also to constantly rebuff attacks on you directly — from the press, the public, deputies, and human-rights campaigners.

[Grachev] There is an easy explanation for this kind of siege. After all, I am one of those people who has not allowed the Russian Army to be destroyed and dispersed. Many people still believe that our country does not need Armed Forces. They claim that they are eating up virtually half the defense budget and that a normal international situation that prevents the emergence of explosive incidents that could lead the world into a major universal armed conflict has long since come about.

But, incidentally, I don't actually have that many opponents. It is just that my critics have access to the media, make skillful use of that channel, and create the illusion that they are numerous. Look at who attacks me. It is the same old people. There are no more than 10 people who write garbage about me in the papers. The same is true of public opinion. All these polls and ratings are pretty arbitrary if not abstract. For instance, they publish figures which are meant to give a picture of the defense minister's popularity or unpopularity among students at higher educational establishments in Moscow and a number of other Russian cities. Commentators base their arguments on those figures. But nobody says which specific establishments were polled.

[Vandenko] Are the results a misrepresentation in your view?

[Grachev] They are not just a misrepresentation, they are a campaign pure and simple, directed and funded by someone with the aim of getting rid of me as an individual.

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Now let's talk about my personality. Let's be frank, I'm not to many people's liking in both political and military circles.

[Vandenko] Do you really mean many people, Pavel Sergeyevich, or not that many?

[Grachev] Listen, I'll tell you everything. Why was I initially not to the military's liking? Let's look at the history. Generals and marshals representing the Ground Forces had for many years held the defense minister position. There was a kind of continuity and even a regular succession. The minister himself prepared his replacement from his immediate entourage — but that replacement would also be drawn from among Ground Forces commanders.

Ministerial Circle

[Vandenko] In other words, you're an upstart?

[Grachev] Of course! But I wasn't the first. Remember Marshal Shaposhnikov. People have said different things about my relationship with him. Indeed, we have differed of late in our views of Armed Forces organizational development and military doctrine, but it was not Grachev's fault that Shaposhnikov was swiftly removed as defense minister. He was consumed without any help from me. He was an airman rather than a Ground Forces man — that says it all.

Then this upstart Grachev came on the scene. An assault troops man! This was the first time ever that a representative of the Airborne Troops had become defense minister. And I did! And people tried to gobble me up — there was a purposeful campaign. But the fact is that it was not through my doing that I joined the cabinet.

After the August putsch was put down, Boris Yeltsin, by agreement with Mikhail Gorbachev, offered me the job of USSR defense minister. I realized that I could not handle the job and felt that I lacked knowledge about the state of affairs in the Ground Forces, the Air Force, and the Navy. So I asked Boris Nikolayevich not to make me minister. Yevgeniy Ivanovich Shaposhnikov was appointed minister with me as his first deputy. I saw what a hard time Yevgeniy Ivanovich had and what sort of attacks he had to put up with. To be honest, Shaposhnikov and I were a team. We would shut ourselves away in this office, consult with each other, work out decisions, and then call up the chief of the General Staff and other leaders.

But when the Soviet Union collapsed Boris Nikolayevich again offered me the post of minister — this time Russian minister. I hadn't been fishing for it — I'd never dreamed about the appointment.

The president made his third ministerial offer 17 May 1992. How many times could I turn it down? You've got to know when to call a halt.

On starting the job, I realized that I could not cope on my own, and I began selecting a team. I was criticized for bringing in my own people. Who would do anything else, I'd like to know? I selected my deputies with a view to ensuring that these people through their experience and knowledge could help me find my feet as quickly as possible. I then stated bluntly that I needed 18 months to get to grips with the state of affairs — to look into the essence of the military doctrine and operational and strategic planning, to read the specialized literature, to tour the troops, and to meet with the men. That was what happened — for the first 18 months I hardly had any sleep at night, I shut myself away in my office, studying and reading. I counted on my deputies a great deal. The "Afghan veterans" Boris Gromov, Valeriy Mironov, and Georgiy Kondratyev, whom I had once fought alongside, became key figures in the Ministry and formed the backbone of the team. We didn't change any of the senior commanders, since after studying the personal files of each of them and after speaking personally to them I was convinced that these people were sufficiently professional and I could work with them.

Immediate Circle

[Vandenko] But, as I understand it, not all of your hopes have been borne out?

[Grachev] Regrettably. You see, people in the Army take it very hard when a former subordinate suddenly becomes their boss. Clearly, this negative aspect played a wicked joke on Gromov, Mironov, and Kondratyev. It was as if they didn't obviously hinder me, but, at the same time, they weren't in too much of a hurry to help either. They sat on the fence, waiting for the time when I would quit and they could fight over the job. It soon became clear to me that I should not expect any practical input from these three representatives in my immediate entourage. So I started thinking about the need to change the administrative structure and....

[Vandenko] And to get rid of your opponents?

[Grachev] No, I haven't gotten rid of anyone. Life has gotten rid of them. Why do I need ballast — people who do not help me in my work? Moreover, all three are strongly involved in politics, which is not a job for the military. Don't get the wrong idea — on a purely personal level my relationship with them all is still equable and normal. But you can't hold down the job of deputy minister just because you're a nice guy, can you? The work comes first, then friendship.

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[Vandenko] And perhaps another reason for the parting of the ways is that the 18 months you gave yourself to adapt to being minister are over and you don't need helpers any more?

[Grachev] No, I'm no wunderkind. And I'm not going to become one. I would not claim that I have reached perfection as a minister. I still make plenty of mistakes, for which I criticize myself severely. Of course, a great deal depends not only on my personal actions but also on how my orders are carried out by subordinates, but I take responsibility for any mistakes made. I sometimes even get scolded at collegium sessions for always taking the blame myself. But that's my way. Obviously, you will have noticed that I have never tried to pin the blame on anyone else. I will never say that such and such was the fault of Kolesnikov and his General Staff or of Deynekin and the Air Force. Even when criticizing Gromov, Kondratyev, and Mironov, I have always noted that they did what they could [oni rabotali v svoyu silu]. I have never had any personal set-tos with people — something that cannot be said of my opponents, incidentally. Recently Boris Vsevolodovich Gromov has twice had a go at me in public. What he said wasn't pretty and it wasn't fair. To be honest, I did not expect that man to stoop so low. It's not right, it's not the behavior of an officer. I can recall other articles by Gromov in which he praised my talent as a professional military leader. I don't like lies. The truth is better — as long as it's said to my face....

No, I didn't drive Gromov and the others out of the Ministry. It can just happen in life that people reach their limit and realize it themselves. Which means they need to be prompted [znachit, nado podskazat].

For instance, I try not to dwell on my development, since I realize that each day brings new tasks that are even more complex. Only those who are moving forward are able to resolve them.

The Chechen Circle

[Vandenko] New tasks — are you talking about the Chechnya campaign?

[Grachev] Chechnya is an old task not a new one. If you have read the book on the war that was waged in the Caucasus in the czarist era, you will understand a great deal. You haven't read it? I can give you a copy.

Back then, in the last century, the war lasted decades and military operations were far less successful than ours are. I disagree with those people who say that the action in Chechnya was unsuccessfully planned by us. In military terms I think that everything was done pretty successfully, since we managed to get away with minimal losses.

In principle the elaboration of military operations is the task of the General Staff. There are the high commands — they too have a part in the planning and implementation of combat operations. I make the decision on the basis of the recommendations made — you have to understand that Grachev does not act on his own. Any documents concerning operations involving troops carries two signatures — that of the defense minister and the chief of the General Staff. Behind us is the work of an entire collective. It could not be any other way.

[Vandenko] Does this mean, in your view, that the Chechnya operation was pretty well worked out?

[Grachev] Yes, definitely.

[Vandenko] Could you say how much time was spent on preparing the Army?

[Grachev] We essentially spent around a month planning the operation. It all started with the Security Council decisions.

[Vandenko] We have to assume that those were the secret decisions which caused such a fuss.

[Grachev] Of course, of course.

[Grachev] Does that mean the military action in Chechnya was planned back in mid-November, and none of the subsequent political steps could have altered anything?

[Grachev] I will not discuss political decisions, but it is a fact that we were prepared for the war with Chechnya in advance. How could it be otherwise? You can't do things like this overnight.

At Security Council sessions I reported on the forces and means available to Dudayev, on the possible nature of the Chechen formations' operations, and their defensive arrangements. Everything was worked out. But when the final decision was made, that was when we planned the direct operation. It is wrongly believed that our aim was to take Groznyy. No, the operation consisted of many stages. The first task was to mass troops in initial regions. We did so successfully and we redeployed huge quantities of hardware and armaments without a single loss. The second stage was moving forward. Here too we thought everything through, defining three lines that took account of the features of the region. We reckoned that there might be problems with escorting convoys on the southern route in Ingushetia. We expected surprises, which was why the command was given not to succumb to provocations and to move on. But we took our first losses in Ingushetia. Stage three was to surround the Chechen capital. Stage four was to take

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Groznyy. We carried everything out. But once again, if you recall, the battles were preceded by a meeting in Sleptsovskaya Village between myself and Dudayev — I asked him not to engage in hostilities against federal troops or fatalities would be inevitable not only among the gunmen but among civilians as well. When other means were exhausted only the military approach was left.

[Vandenko] You initially kept to the planned operation schedule?

[Grachev] No, we had counted on getting established more quickly.

The massing of forces took a week. Reaching Groznyy — the storming of it had not yet been planned — would take three days, so we thought. This was not possible for two reasons — first, the impact of the civilian population on routes used by the troops (we could not suppress the people or kill them); second, the weather worsened, and we lost aircraft owing to fog. And, of course, to be totally frank, certain mid-level and senior commanders were not prepared for serious operations in Chechnya. We had to replace weak commanders with more determined commanders in the field, which was bound to have an impact on our schedule.

[Vandenko] Your widely-publicized statement that Groznyy could be captured in two hours by one airborne regiment does not fit in with the picture you have now painted.

[Grachev] I do not go back on what I said even now. Tactics and strategy stipulate that when fighting in a major population center you have to first carry out a massive strike with all your available weapon systems. In terms of the science of war a comprehensive delivery of fire can last one hour, two, or even three, including air raids, missile attack, and preparatory fire. In a word, if you look at the professional picture, I must admit that we acted unprofessionally. According to the rules we should have razed the city to the ground and then brought in a regiment to finish off the survivors. But that is after all what happens when you are talking about an enemy city. We were fighting on Russian territory, so we could not annihilate the civilian population recklessly. If aviation was used, it was on the outskirts of the city and in the areas from which the shelling was coming. Artillery was bombarding point targets. That was evidently why we had additional losses. We were facing fortified defense. In the history of the art of warfare there has never been a case of an army capturing a city inhabited by its compatriots. We tried to reduce minimize the civilian casualties but no one canceled our mission to wipe out the guerrillas.

[Vandenko] Pavel Sergeyevich, what about the disorder among the troops and their poor collaboration? Can you confirm that members of tank crews were sometimes only introduced to one another when they got into their fighting vehicle?

[Grachev] To some extent what you say is fair. Whereas special subunits, Airborne units, or, for instance, units of the Volgograd Division are well trained, there were scratch teams from units of the Moscow, Leningrad, Volga, and Urals Military Districts. We certainly did have to cobble together mixed crews.. But this was after all through force of circumstance. It was all down to the lack of army draftees. The ground forces now only have 46 percent of their required manning level, what good is that? Thank God, a law has already been adopted, we only have to make it through to the fall, and then we will be drafted people for two years. We will be able to obtain 70-75 percent of the required manning level. That is something. Right now we are just plugging the gaps.

You may ask a fair question: What about the defense of the country? What if we suddenly have to fight a really serious enemy? That is another matter. The laws of war come into force right away — mobilization of reservists and so on. In Chechnya we managed with draftees. People blame me saying that guys of 18-19 are dying. But where can I get anyone else? That is the kind of people we have in our Army. Needless to say, guys over the age of 20 make better soldiers — they already have some experience of life and a higher education, but.... Certainly, I will not argue that children are now going into the Army. It was these children under the leadership of their commanders who did nonetheless perform their mission and win victory over Dudayev's guard of trained professionals and mercenaries. We can be proud of our Army for that alone.

But if we are criticized, that criticism is indissolubly linked with the whole system. Did the rights campaigners and journalists endlessly badmouthing the Army in public not wreck initial military training and the draft? Where in the world can deputies openly urge people to desert from the Army and run away from the front? We allow them to do that. But despite all this intrigue, the Army has survived and is effective.

[Vandenko] Nevertheless did I understand you correctly to say that last December Russia did not have enough trained units to carry out the Chechen operation?

[Grachev] What can I say.... There were enough units, but we should have drafted reservists in order to gain full control of Chechnya. I repeat, we did not do this, therefore we formed subunits out of existing army personnel.

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[Vandenko] Were units rotated in Chechnya in order to ensure that the maximum number of enlisted men had their baptism of fire? And were "linked by experience of bloodshed," as they say?

[Grachev] No, that was not the reason why we rotated units. It is not true that all military men dream of war. I, for instance, do not want to fight and do not like fighting, but it is my duty. Why should one man spend several months in succession surrounded by bullets and another serve in tranquil Ryazan or far-off Severomorsk? We rotated people to ensure that justice prevailed.

We are now removing from Chechnya all those units from other regions, leaving just the subunits from the North Caucasus Military District.

Criminal Circle

[Vandenko] For a time Chechnya has overshadowed the subject of corruption in the Army, but it has not removed this issue.

[Grachev] No, it has not. The closer the Duma elections come, the more people there are wanting to play the card of army corruption again. Well, I will try to answer my adversaries.

If I claimed that everything is fine in the Army, I would be lying. There are isolated cases of corruption in the Army just as there are in the state as a whole. But it is harder to hide criminal plots in the troops than it is in everyday life. Thus, you cannot get a tank through a checkpoint, it is not red mercury or oil that can be stolen from the state without taking any particular risks. Everything is more open in the Army, everything is in the public eye. That may be why corruption in the Armed Forces is on a far more modest scale than people try to say.

The weapons left behind in the former Union republics or in Chechnya itself are a painful issue. People talk about this as if we have an interest in giving strangers tanks and guns. No, first independence was proclaimed in the localities, all property on their territory was declared their property, Moscow failed to react, and then the public suddenly came to their senses and began blaming the Army for arming people. The military obey orders: If we were told to clear the weapons, we would remove everything down to the last cartridge. But....

[Vandenko] It seems that all the necessary government decisions have been adopted on the Western Group of Forces [WGF].

[Grachev] We will get to the WGF later, let us take things in order.

Corruption peaked in the Armed Forces in 1991 when entrepreneurial activity was authorized in the Army and Navy. Officers and warrant officers were able to sell surplus property and equipment that had been written off and use the proceeds to meet their social needs. Abuse began under cover of this. Within six months people were selling things that were both permitted and were banned. Weapons and ammunition were stolen. All manner of dubious joint enterprises and societies began to arise. That was why on becoming minister one of my first orders was to stop enterprise in the Army in its tracks and give orders for contracts to be annulled, the culprits brought to trial, compensation provided for damages, etc. Then came the first attack on me. Many people had already gotten embroiled in business and, needless to say, they did not like my decision. The struggle went on until 1994 when we did away with the most steadfast, impudent corrupt people. Now the situation has more or less stabilized and the squandering and theft of military property have virtually stopped.

[Vandenko] What can you say about your involvement in founding a certain fund?

[Grachev] Let me say that in 1991 when I was chairman of the Russian State Committee for Defense Vice Premier Yuriy Skokov asked me to be one of the founders of the "Garantiya" Public Fund. I was only asked because of the post that I held. I did not put a single ruble into the fund and did not get a kopeck out of it. I withdrew from the fund within three or four months as soon as I became minister. The fund was noncommercial, it was set up to provide servicemen with social protection. That is all there is to it.

Now let me say a word about the WGF [Western Group of Forces]. All cases of corruption within this Group of Forces have been investigated or are under investigation No one is hushing up anything. No matter how many commissions of various kinds try to find compromising material, they have been unable to find anything out of the ordinary. You cannot find something that does not exist. That is why the same unsubstantiated facts are being put about.

Remember what a hullabaloo there was after Matvey Burlakov was appointed my deputy. He was accused of all the deadly sins and there were calls for him to be put on trial. Under public pressure Boris Nikolayevich decided to relieve Burlakov of his post in order to calm things down. And all the talk in the press about corruption in the WGF did indeed subside straight after Burlakov was dismissed and no one pressed for a further investigation. What conclusion suggests itself? Matvey Burlakov himself stood in the way of certain circles. Which ones? The mafiosi who were

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trying to make money from selling hardware and fuel and lubricants when the troops were withdrawn from Germany. Burlakov cramped their style. The WGF used to be many people's favorite district — businessmen, deputies, and artistes. You can understand why: It was abroad, they were accorded a warm reception, free food, per diem in hard currency. At the time Burlakov was reputed to be the best commander but later he suddenly lost his luster. Burlakov was threatened outright that, if his behavior did not change, he would not hold down a job at the ministry. That was what happened.

Is that what is known as combating corruption? Burlakov is now obliged to file charges in an attempt to protect his honor and dignity.

[Vandenko] Did you try to champion Matvey Burlakov with the president?

[Grachev] Yes, but not out of personal sympathy or friendship. I put the matter to our lawyers bluntly: Is there material that compromises Burlakov, can we go on trusting this man?

I needed Burlakov as deputy minister to work with the discharged troops and to coordinate the provision of amenities for them. Once this work was complete Burlakov's post would in any case have been automatically axed and he himself retired on an old age pension. He is, after all, 60 this year. Everything would have sorted itself out. But no, they did not allow the man to complete his work, they set matters in train, put pressure on Boris Nikolayevich, and....

I have also been caught in the crossfire now. But it was not for nothing that you spoke about the minister for all-around defense. I have acquired definite experience during my work at the ministry, therefore we will not give in without a fight. Let them not count on it.

Navy Chief Gromov Interviewed

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["Exclusive" report No. 30 of 131: "Russian Navy Is Capable Of Holding Back Any Aggressor" — INTERFAX headline]

[FBIS Transcribed Text] "Russia has only two reliable allies: its army and navy", Emperor Alexander III used to say. Now that with the collapse of the Warsaw Treaty Organization Russia has practically no military allies and the economic situation leaves much to be desired the Commander-in-Chief of the Russian Navy Admiral FELIKS GROMOV has described the state of affairs in the Russian navy to INTERFAX.

INTERFAX: The current difficulties of the Russian economy must have influenced the state of affairs in the navy.

GROMOV: There are plenty of difficulties, of course. But at the present stage the Russian navy is capable of fulfilling all tasks facing it in peaceful times: to function as a deterrent primarily through patrolling by ships with ballistic missiles and through the operation of general purpose groups.

If you are interested in the combat order, I must say that the Russian navy has as many ships as any European navy. Only the USA has more. But I want to stress once again that our navy is capable of keeping back any aggressor with the forces it has.

At the same time the navy naturally faces certain difficulties because of the economic situation, mainly insufficient financing of technical programs and research. This has caused a certain delay in the construction and launching of new ships.

What we are doing now, the tasks we are carrying out are reached solely at the expense of our trained officers and sailors. They understand the current difficulties and realize the responsibility of the navy for fulfilling its tasks. They resolve emerging problems purposefully and boldly. And the problems are plentiful. They are primarily related to the day-to-day functioning of the fleet, patrolling, the maintenance of ships. Safety and security in conducting all these operations are also of paramount importance.

The environmental aspect of the operation of the Russian Armed Forces is becoming another burning problem. Recently the leadership of the Navy held a conference on the issue with the Federal Assembly. I must say that the navy does much less harm to the environment than the other arms of service because the navy functions at a very high technical level. Besides, and this is probably the most important thing, sailors regard environmental matters with great responsibility. We realize the extent of the possible threat and people take these matters very seriously.

INTERFAX: How many combat ships does the Russian Navy have, if that is not a secret?

GROMOV: The navy has about 150 big surface ships and oceanic submarines capable of going out into the sea for performing combat tasks any minute. About 200 more — missile cruisers, trawlers and small anti-sub ships — operate in the coastal zone.

These seem to be impressive figures but considering that Russia has four fleets and a long coastline — take the Arctic ocean or the Pacific coast — the force is not so

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big. The Baltic Fleet having access to the Atlantic is a special matter. Thus our potential is enough only to protect Russia's vital interests.

Now three years after the beginning of the naval reform the navy has optimized and shrunk 40-45% on the average. That is natural though because Russia has a population of roughly 150 million while the Soviet Union had almost 300 million.

INTERFAX: The Union of Realists claims Russia has 10 times less ships in the Black Sea than Turkey. Is that right?

GROMOV: I cannot say for sure now how many combat ready ships Turkey but I am convinced that the ten-fold difference is an exaggeration. It is true that the Black Sea fleet is in a more difficult position than all other Russian fleets, so there is a grain of truth in the claim of the Union of Realists.

Unfortunately, the key problem of the fleet has not been resolved and it remains subordinate to two presidents. Even though a political solution to the problem has been found the concrete mechanisms of its enforcement are only in the making. The key question that must be decided now is the basing of the fleet in Sevastopol and other bays of Crimea. It is extremely important that the Black Sea Fleet would not loose its coastal infrastructure.

I must say that the Russian side has worked out appropriate proposals that were handed to the Ukrainian President Leonid Kuchma aimed at transforming the Black Sea Fleet into a fleet of Russia and the Ukrainian Navy and defining the status of the Russian fleet in Ukrainian territory.

The separation of the bases of the two sides remains the main item at the negotiations between Kiev and Moscow.

Russia firmly believes that two staffs, a Russian and a Ukrainian, cannot function simultaneously in Sevastopol.

INTERFAX: But where will the Ukrainian Navy be based then?

GROMOV: At the talks with Ukraine we foresee the possibility of offering Kiev a modern naval base in Donuzlava.

INTERFAX: What other bases could the fleet have in Crimea?

GROMOV: The Russian fleet will remain in Feodosia and Kerch.

I want to remind you that the infrastructure of bases in Izmail and Ochakovo have been surrendered to Ukraine. The base in Nikolayev is to be dismantled. All the surrendered property has been listed and will be taken into account during the final division of the fleet.

I want to say that while surrendering its bases to Ukraine Russia is not surrendering its officers or sailors. People have to decide themselves. When a naval unit is being disbanded, every person should decide himself whether to serve Russia or Ukraine. It is a painful matter, but unfortunately, we cannot do without it.

I want to say that I categorically disagree with the politicians who claim that the Russian delegation is constantly making concessions at the talks with Ukraine.

There are no concessions, at least on matters related to the fleet. We try to rationally approach the use of everything the fleet has.

Despite the cuts in the Russian Navy and the Black Sea Fleet the number of Russian bases on the Black Sea will be sufficient to protect Russia's national interests.

All sailors are anxious about the Black Sea fleet: the problem has been dragged out, to put it frankly. When people are kept in uncertainty for a long time it is always bad. I want to thank everyone who serves in the Black Sea Fleet because they perform their tasks in difficult conditions and keep up the vessels in combat readiness. But they are restless because the question remains unresolved. We want to help these people to the maximum. The situation cannot last forever.

At the same time I want to stress that Russia shows concern about Ukraine as a country with which we were together for 300 years, concern for the Russians who live there.

You know that Ukraine owes impressive sums to Russia, primarily for energy and fuel supplies. I do not think we have the right to blackmail Kiev contrary to what some politicians and media advise to do. The restriction of fuel supplies to Ukraine will cause sufferings to local Russians among others — they will be short of heating and bread. Such matters must not be approached from only a purely commercial stand.

INTERFAX: Let us return to naval problems. It would be interesting to know how many Russian naval vessels are out at sea on duty.

GROMOV: The figure is constantly changing. Today it is smaller than say two years ago. This is prompted by certain conditions, primarily the international situation and the need to carry out far-reaching tasks. As I said Russian naval ships regularly make long voyages far away from their home bases. About 60 ships of all the fleets have been out at sea during the past few months.

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But there were many more of them in coastal seas — Barents, Okhotsk, Black — which they patrolled. We have about a dozen ships on long missions now.

INTERFAX: Has the activeness of US and other foreign naval vessels increased lately?

GROMOV: If you look at different regions, the total number of foreign naval exercises has not decreased noticeably. I mean primarily exercises of NATO, joint exercises of the USA and South Korea, the USA and Japan. The size of the forces involved has somewhat shrunk but on the whole foreign countries are not slackening their efforts to keep up their navies. I would say they pay sufficient attention to the matter. I think the Russian side should realize this and keep in mind that a navy cannot be built in two or three years. The combat capability of a navy requires deserving attention.

INTERFAX: Experts often speak of a balanced navy. What does the term mean?

GROMOV: You cannot describe it in two words. The balance depends on the tasks facing a fleet. For instance, some tasks are given in the area of the Gulf of Finland, others in the Black Sea, still others in the open sea.

At the beginning of the interview I said that Russia has about 200 ships operating in the coastal zone and about 150 for ocean missions. However, a balanced fleet has multi-purpose ships that could operate both in the oceans and in coastal zones.

The command of the Russian Navy is now working on this. I hope the question will also be reflected in the national ship-building program. We have taken certain steps in this direction and the program contains our key proposals.

I am convinced that Russia needs multi-purpose surface ships and submarines capable of operating in coastal waters and oceans. The country also needs aircraft-carrying cruisers of the Admiral Kuznetsov type with jump jets covering naval forces and defending coastal structures.

I want to say it again: we need multi-purpose vessels — destroyers, cruisers, big anti-sub ships — capable of performing various tasks.

INTERFAX: No doubt new ships are needed. But it is also paradoxical that the former flagship of the Black Sea Fleet cruiser Moskva made in 1968 has been written off. In the USA ships of that class function for much longer.

GROMOV: That is a very complicated matter. One cannot answer the question in a couple of words. One should take into account a whole set of elements. How was the cost of a ship calculated in the old days? We used to estimate only the costs involved in ship-building, but the possible lifetime of a ship was not taken into account. But in reality the lifetime of a ship and consequently its cost should include the maintenance costs, the possibility of modernization etc.

The lifetime of a combat ship depends on the vitality of its systems and equipment, the quality of the metal of which it is built. These are the factors determining the lifetime of a ship.

It is partly true that we tried to build cheaper ships. We economized primarily on the quality of the metal, i.e., by cutting down the number of expensive additives such as nickel and manganese which determine the durability of steel. And as they were cheaper, they were worse.

Thus the question of price is directly linked with the question of longevity and modernization capability. Besides, now that the navy is short of money for repairing younger ships it is becoming irrational to repair older ones. That is the main thing.

As for the cruiser Moskva, when ships of that class were built, their lifetime was set at 25 years. It is older than that. Of course, we could have replaced the weaponry but life-support systems are more important, namely power supplies, boilers, mains. We would have to replace all the fittings, but such fundamental repairs would cost more than the construction of a new ship.

INTERFAX: More than once you have spoken of insufficient financing of the navy. How much are you short of?

GROMOV: The navy is getting approximately 50% of what it needs. That was the situation in 1994, and the same thing continues today. Naturally this causes difficulties with ship repairs, shortages of material resources etc.

Russia must have a strong and reliable navy because Russia is washed by seas of three oceans. Besides, a navy is the quintessence of everything a country has: technologies, engineering, technical thinking, training.

A program for naval development must be passed and this should only strengthen Russia's authority in the world and help strengthen its might.

On the other hand it is clear that Russia does not have extra money. It is bitter to know that plenty of ships are past mid-term repair time. For instance, if ships of a certain type have to be repaired every seven years, they often function eight, nine or more years without repairs.

We do everything we can to keep up such ships. Much depends on the giant contribution the personnel makes

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in servicing their equipment, in keeping up the defence capability.

I disagree with those who claim that in five years Russia will not have a single capable ship. We will have, but with such financing the situation is going to be very difficult.

INTERFAX: Does the ship-building program you mentioned imply the construction of new aircraft-carrying cruisers?

GROMOV: The current program does not, but we continue research in this direction: we are looking for an image of the ship and try to guess what it should be like taking into account our economic and ship-building capacity.

INTERFAX: May be it would be useful to use one of the latest US aircraft-carriers as a model?

GROMOV: On the one hand, we would want to have an aircraft-carrier with a nuclear engine and a full air fleet, of course. That would be ideal. It is not accidental that the USA has developed such ships and made them the backbone of its navy used in both coastal and ocean areas. But with the current economic situation we would be unable to build such a ship, I think. We are designing a smaller ship than an American but still capable of functioning in the Arctic and the Pacific.

The latest US aircraft-carriers have a displacement of 96-98 thousand tons while our ship would have about 55 thousand which fairly meets our needs and possibilities. We will concentrate on this version.

INTERFAX: Several years ago the Black Sea Fleet left its base in Poti, Georgia. What do you think of the suggestions to restore it?

GROMOV: To begin with we did not leave Poti of our own free will but under the pressure of circumstances. When Gamsakhurdia came to power in Georgia, the attitude of the Georgian side to the fleet and its personnel became very hostile.

As for returning to Poti, I think that first of all we should get things straight in our own country. The thing is that we did not have a single fleet base on the Russian coast of the Black Sea. Now we are hostages of the past. Therefore I think that first of all we must build Russian ports and bases and then see what we are going to need in the future and where.

INTERFAX: What is going to happen to the giant almost ready aircraft-carrying cruiser Varyag?

GROMOV: The future of Varyag is determined. There are several reasons. The ship has been on water without use or maintenance services for too long. Everything installed has come into such a shape during the past six years that if we decided to complete it, all the fixtures would have to be replaced which means repeated investments.

Back in 1993 and 1994 the then leadership of the ship yards in Nikolayev, Ukraine, said that it would hardly be able to complete the ship. This would require giant sums which they lacked. It will never be completed.

INTERFAX: What is your attitude to the current practice of joint naval exercises with NATO countries?

GROMOV: We will continue cooperation with NATO countries and joint exercises. This is a positive factor: on the one hand, exercises create an atmosphere of confidence which is important for sailors. On the other, exercises offer a chance of learning what other navies have.

Navy Official Urges Strategic Arms Cut

MM2707135095 Moscow KRASNAYA ZVEZDA in Russian 26 Jul 95 p 1

[Interview with Rear Admiral Aleksey Ovcharenko, deputy chief of the Navy Main Staff Operations Directorate, conducted by Andrey Gavrilenko under the "Specialist's Opinion" rubric; place and date not given: "'Typhoon' Almost Lost from Sight Behind Barrage of Decisions. What Kind of Strategic Nuclear Forces Should Defend Russia's Interests?" — first paragraph is KRANAYA ZVEZDA introduction]

[FBIS Translated Text] The political decision to effect a fundamental change in the structure of Russia's Strategic Nuclear Forces [SNF] whereby the main emphasis is placed on their naval component has not received any practical implementation to date, according to Rear Admiral Aleksey Ovcharenko, deputy chief of the Russian Navy Main Staff Operations Directorate and member of the working party charged with the preparation and signing of the START I and START II Treaties. The instructions issued by the country's president on this question are not being carried out and indeed cannot be while the Navy is allocated a mere 46 percent of the financial resources it needs. Unless urgent measures are taken, a critical situation as regards maintaining the Typhoon strategic maritime system at the requisite level of readiness could develop in the next few years. It is intended to instruct the Navy itself to solve this problem: You, they say, have to do it. And this is a question of state importance!

[Gavrilenko] It transpires, Aleksey Mikhaylovich, that effecting the fundamental change in SNF structure in the next 10 years means, by all accounts, expenditure of trillions, which not just the naval and military budgets,

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but the state budget also will scarcely cover, given Russia's very difficult economic situation....

[Ovcharenko] It is impossible within the framework of the decisions already made to "all turn together," as we sailors say, toward the maritime component of the SNF. There is a solution, however. The solution is to reach new political accords with the nuclear powers, particularly the United States. It is perfectly logical to agree to reduce the levels of strategic armaments by at least half. Russia and America can ensure nuclear deterrence perfectly well with 1,500 to 1,800 strategic nuclear charges. This option would make it possible to abandon the development of a number of expensive strike systems and to work for the long-term future. It would be possible to pay sufficient attention to enhancing the effectiveness of nuclear deterrence by improving missile attack warning systems, battle command and control systems, and logistics systems. What sense is there in having several hundred SLBM platforms if they are always in their bases? Missile-carrying submarines really only operate as a means of nuclear deterrence when they are operating at sea.

The levels of Russia's nuclear arms enshrined in START I were determined first and foremost by Russia's actual ability to maintain SNF groupings in a state of combat readiness in the economic conditions facing us. It is necessary to find the courage to admit that Russia is not capable of maintaining the kind of SNF which the USSR could afford, particularly in the conditions of our new economic relations. The cost of military production is rising and will soon reach the world level. But our GNP is incommensurate with the U.S. figure. This alone determines the need for further reductions of strategic nuclear arms and the swiftest possible enactment of the START I and START II Treaties.

[Gavrilenko] You often hear it claimed today that the cost of maintaining the maritime SNF is far higher than ground-launched ICBMs... If this is so, is the United States not involving us in an "arms race" that is beyond Russia's means?

[Ovcharenko] Let's look and see whether this is actually so. A Typhoon carries a potential 200 nuclear warheads. Clearly, the cost of deploying a similar [ground-launched] ICBM grouping will be much more expensive than building a missile-carrying submarine. The cost of keeping the naval SNF in combat readiness does not exceed 25 percent of expenditure on the Navy, that is to say, at least 75 percent less than is spent on ICBMs.

At the present time all the nuclear powers are united in seeing the significance of nuclear weapons as a reliable means of deterrence of any potential aggressor rather than as a battlefield weapon, since even if you destroy all the enemy's submarines but one, nuclear retaliation still remains inevitable. Therefore, it is the presence of missile-carrying submarines at sea rather than high or low levels of reliability in controlling them that is crucial. And therein resides the most important element of deterrence of any country's naval SNF.

[Gavrilenko] The foundation for the construction of the SNF of the 21st Century is now being laid down in Russia. In the missile forces the plans are well-known: namely the Topol missile system and its modifications in different basing modes. In the Navy's SNF the problem is far more acute, since the period for the creation of a new missile system and appropriate missile-carrying submarine is in reality around 10 years....

[Ovcharenko] Perfectly true. If we started such work today, we would obtain the first combat-ready ship only in 2005. Thus we are "programming" right now a 15-year gap in the commissioning of new strategic systems for the Navy's force composition. The experience of world submarine construction, however, shows that the process of continuous construction of warships with a switch to the manufacture of increasingly sophisticated systems is the most economical route. Therefore, it is vitally important that the people on whom decisions of state importance depend clearly understand the problems of Russia's naval SNF.

The end of confrontation between the blocs and the process of establishing new relations between Russia and NATO countries, in particular, have led to certain changes in the sphere of naval activity. Joint warship exercises and the joint rehearsal of actions in peacemaking operations no longer seem unusual. Certain changes in the activity of the Navy's SNF have also taken place. First and foremost, all Russian, U.S., and British missile-carrying submarines now operate in routine mode and their missiles are untargeted. This political act is further confirmation that we no longer regard each other as enemies. The number of missile-carrying submarines on patrol at sea has also been reduced. Whereas even five or six years ago NATO countries and the USSR kept 20 to 22 missile carriers constantly at sea and maintained a high state of readiness to launch missiles, that figure is now 12 to 14. Russian submarines have stopped active antisubmarine activity in areas where NATO missile-carrying submarines carry out combat patrols and we are holding talks with partners so that they make similar decisions.

However, there are a whole number of questions of state importance whose solution brooks no delay. First and foremost, it is essential to discuss and adopt a national SNF development program. Otherwise, Russia will

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shortly be left with no more than 10-15 missile-carrying submarines, and a threat to our national interests will arise if even one of them is lost or out of commission.

Yeltsin's Instruction on Nuclear, Radiation Safety

LD2707210195 Moscow ITAR-TASS World Service in Russian 1455 GMT 27 Jul 95

[FBIS Translated Text] Moscow, 27 July (ITAR-TASS) — President Boris Yeltsin has issued an instruction "Questions of State Supervision of Nuclear and Radiation Safety." This was reported today by the head-of-state's press service.

Here is the text of the instruction:

"Questions of state supervision of nuclear and radiation safety

1. The following amendments and additions are to be made to the statute on Russia's federal supervision of nuclear and radiation safety, which was approved by Russian presidential instruction No 283-RP of 5th June 1992 (Gazette of the Congress of People's Deputies of the Russian Federation and Supreme Soviet of the Russian Federation, 1992, No 24, page 1, 338), taking account of the amendments made to this statute by Russian presidential instruction No 636-RP of 16 September 1993 (Collected Acts of the President and Government of the Russian Federation, 1993, No 38, page 3,519).

2. The Russian Ministry of Defense is to be responsible for the state supervision of nuclear and radiation safety during the development, manufacture, testing, operation, storage, and recycling of nuclear weapons and military nuclear power-generating installations.

The government commission for the integrated solution of problems relating to nuclear weapons is to be responsible for coordinating the work of federal executive power bodies in respect of the state supervision of nuclear and radiation safety.

3. Clause 2 of Russian presidential instruction No 636-RP of 16 September 1993 is now to be regarded as invalid."

Federal Assembly

Duma Opposes NATO Air Strikes on Bosnian Serbs

LD2707083395 Moscow ITAR-TASS in English 0745 GMT 27 Jul 95

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, July 27 (ITAR-TASS) — The Russian State Duma fully supports the position of the Russian leadership which comes out against Western countries interfering by force into the Bosnian conflict, said chairman of the Duma committee for geopolitical issues, Viktor Ustinov.

Ustinov told Tass that the plan to make air strikes on the positions of the Bosnian Serbs adopted by the NATO council if the Serbs attack Moslem enclaves "is fraught with unprecedented violence and a real war in which the peaceful population will be the first victims."

"Russia should not get involved in an adventure which might turn into another "Vietnam" for Europe and should persistently pursue the policy of political settlement of the Bosnian crisis," Ustinov said.

Duma Adopts Decree on Aid for Abkhazia

MM2707122695 Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 95 p 6

[Unattributed report under the general heading: "In the State Duma" — from the 'Documents' section]

[FBIS Translated Text] The State Duma has adopted a decree "On Aid for the Population of Abkhazia" which proposes that the Russian Federation Government extend the government decree on measures to temporarily limit the crossing of Russia's state border with Azerbaijan and Georgia to sea communications with the port of Sukhumi and also take measures to restore air communication with Sukhumi from Russian airports.

The State Duma decree also proposes giving emergency humanitarian aid to Abkhazia in connection with the natural disaster which has befallen the republic, paying pensions to war veterans and other categories of citizens, and lifting restrictions on the passage of humanitarian freight.

Duma Official on Press Committee Appointment

LD2707112395 Moscow INTERFAX in English 1011 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (INTERFAX) — The chairman of information policies committee of the State Duma, Russian parliament's lower house, Mikhail Poltoranin, has said he is "very glad" that Ivan Laptev has been appointed head of the state press committee (Roskompechat). "We were waiting for that appointment, we are glad about it and we are happy we will now work together," Poltoranin said on behalf of his committee.

He hopes that now that Laptev has been appointed Roskompechat boss and Vitaliy Ignatenko as Russia's Deputy Prime Minister, they will work as members of executive authorities together with the parliamentary committee as a team to strengthen the infrastructure of

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the independent media and to establish a system of tax and customs benefits for the media. "I am certain that we shall be able to push such laws through," Poltoranin said.

Sergey Gryzunov, previous head of the state press committee, Poltoranin said, was a "politicker" unable to extend a helping hand to the press.

Poltoranin said that Gryzunov sought to preserve the system of subsidies to keep the media under control and not set up a legal basis that would furnish equal support to all the media.

Poltoranin also blames Gryzunov for failing to launch a federal book-publishing program and holds him "personally responsible for the catastrophic situation" regarding the printing of school textbooks. Poltoranin recalled that the State Duma had earmarked 550 billion rubles in the 1995 federal budget for printing textbooks and Gryzunov was expected to work with the Finance Ministry together to achieve timely financing.

Poltoranin said that he has been Laptev's friend for a long time. They have worked together in the daily, Pravda, and in the USSR Supreme Soviet. He hopes that now that Laptev is state press committee chairman, there will be far fewer problems in relations between the State Duma's information policies committee and the executive authorities.

Poltoranin To Run Independently in Elections

LD2707112595 Moscow INTERFAX in English 1011 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (INTERFAX) — The chairman of the State Duma Committee for Communications and Information Policy Mikhail Poltoranin, who was a leading member of Democratic Russia and subsequently Russia's Choice, intends to be a candidate for elections to the State Duma, the lower house of parliament, from a one-mandate district. He is against tying himself to any political party or bloc. Last month he withdrew from the Russia's Choice faction.

Nevertheless, he told INTERFAX Thursday that he has "a great wish to give up everything and pull out of politics." "Everything the democrats founded is now in other people's hands, and neo-bolshevism is painting itself in the colors of democracy," the former deputy premier said. "The democrats made a mistake — they let Yeltsin go too far away from them, and he found himself in the hands of his staff, which rose from its ashes like the Phoenix," Poltoranin said.

Because of his disappointment with political movements, Poltoranin decided to run for the Duma from a one-mandate district, in order to represent the interests of concrete people, not parties. Nevertheless he noted that Democratic Russia and the Our Home Is Russia bloc had invited him to cooperate with them.

Next Sunday Poltoranin will begin a tour of Siberia (Krasnoyarsk — Novosibirsk — Omsk) in the framework of preparations for his election campaign. However he has not decided yet from what region he will be nominated.

Analytical Official on Upcoming Elections

LD2707142695 Moscow 2x2 Television in Russian 1300 GMT 27 Jul 95

[FBIS Translated Text] At the forthcoming parliamentary elections, factions ranging from extreme liberals to left-centrists may get about 60 percent of the seats in the State Duma, Mark Urnov, the head of the analytical directorate to the Russian president, has said. According to him, they include the parties of Yavlinskiy and Gaydar, Chernomyrdin's and Rybkin's blocs, and the Russian Women's Party. In his opinion, small associations like the Dobro bloc, youth movement and the green movement have little chance of overcoming the five-percent barrier in order to receive a deputy's mandate. Mark Urnov also noted that the people were tired of attempts by politicians of various kinds "to put their fingers in different pies". According to the latest forecasts, about half of the electorate will come to the ballot-box.

Ryabov on Inadequacies of Election Laws

MM2707135595 Moscow IZVESTIYA in Russian 27 Jul 95 p 2

[Report by Valeriy Vyzhutovich: "Nikolay Ryabov: Elections To the New Duma Cannot Be Held Just Yet"]

[FBIS Translated Text] State Duma deputies have gone on vacation without managing to adopt the law "On Ratifying the Layout of Single-Seat Electoral Districts for the Election of State Duma Deputies Of The Second Convocation." Nikolay Ryabov, chairman of the Central Electoral Commission, shared his alarm over this fact with journalists 26 July. The absence of a complete legislative base, in his opinion, will seriously complicate the course of the election campaign, and could entail political consequences.

Until the boundaries of districts are established, the nomination of single-seat district candidates is impossible. Moreover, it is also impossible to hold election congresses and conferences for the nomination of candidates for federal lists. Canvassing for personal or collective competitors for (party) Duma mandates is also

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illegal at the present time. In short, the election campaign is threatened with a false start or derangement. But since the latter would be a direct violation of the Constitution, the Central Electoral Commission is ready 30 August (as required, not later than 100 days before the elections) to bring into action by its own resolution the old boundaries scheme, established for the State Duma elections in 1993. This step on the part of the Central Electoral Commission will probably receive speculative interpretation, irrespective of whether the elections end in success or failure for the various candidates and political associations. State Duma Deputy Vladimir Isakov has already stated that if the old procedure for forming districts comes into force, the election results could be protested by anyone who so wishes.

Preparation for the elections in a number of Russian provisions is being accompanied by violation of electoral law, the Central Electoral Commission chairman also stated. For example, in Tatarstan, Saratova Oblast, and certain other regions, the size of electoral commissions exceeds the norm established by law — 10-14 persons. And in Nizhniy Novogorod Oblast a commission for the presidential elections has been set up manifestly before its proper time.

Nikolay Ryabov noted the imperfection of certain election regulations. In particular, in his opinion, a mechanism stopping the funding of election campaigns through fictitious sponsors has not been provided. Although draft Central Election Commission instructions "On the Procedure for the Establishment and Expenditure of Monetary Resources by the Election Funds of Deputy Candidates, Electoral Associations, and Election Blocs..." has already been prepared and coordinated with the Ministry of Finances, the Central Bank, and the Savings Bank. There are also draft instructions regulating the use of the mass media by individual candidates and election associations.

Be that as it may, elections for the new Duma cannot be started as yet. The election campaign could be set in motion either by the Federal Assembly (for which deputies will have to return early from vacation), or by the Central Election Commission, if it resolves to stick to the old scheme for the demarcation of district boundaries.

Rybkin Rejects Emergency Session on Electoral Bill

LD2707161695 Moscow INTERFAX in English 1319 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (INTERFAX) — Russia's State Duma or lower house Speaker Ivan Rybkin rejected the possibility of convening the chamber for an emergency session in August, during the Duma's summer recess, to overrule the veto of the Federation Council, or upper house, on the bill on one-mandate electoral districts.

He told this to INTERFAX in a Thursday interview.

"Such an emergency session would cost an enormous amount of money, so let the deputies have a bit of rest," Rybkin said.

On Thursday, at their last session before the summer break, Federation Council members declined to revert to the bill on one-mandate districts they already rejected last Friday, when State Duma deputies concluded their spring session.

As Rybkin stressed, he also sees no need to convene the State Duma for an emergency session because the Central Electoral Commission has the right to approve the old electoral districts scheme used in the 1993 parliamentary elections, which is stipulated by the law on elections to the State Duma.

Federation Council Approves Law on Its Formation

LD2707203595 Moscow INTERFAX in English 1749 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (INTERFAX) — The Federation Council approved the law "On Forming the Federation Council of the Federal Assembly" passed by the State Duma on July 5.

A total of 90 deputies, the minimum required to pass a decision, voted in favor and 61 against the law, with nine abstentions, during a roll-call vote from July 21 to 27.

The law will be submitted for approval by Russian President Boris Yeltsin.

INTERFAX learned the above-mentioned figures from the vote-tallying commission. After a long debate on their authenticity, the Federation Council chose not to review the figures.

Even without the vote, the law would have come into force in as the Federation Council failed to consider it within two weeks, as stipulated by the Constitution.

Federation Council Chairman Vladimir Shumeyko told journalists after the Thursday sitting that he will make two points in a letter to accompany the draft to Yeltsin: the approval by default and the support of 90 deputies.

At the same time, Shumeyko said "the president as the guarantor of the Constitution is not entitled to sign a law running counter to the Constitution." Prior to this, he had repeatedly stated that the law contradicted the Basic

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Law in as it envisioned electing rather than appointing deputies, as stipulated by the Constitution.

According to Shumeyko, the Federation Council will not return to the issue on Friday, unless a deputy demands otherwise and garners support.

Under the law, the Federation Council includes two representatives from each Russian region, one from its executive and the other one from its legislature.

Russian citizens will elect Federation Council deputies by universal, equal, direct and secret ballot from candidates nominated by executive and legislative bodies of Russia's regions respectively.

Under the law at least one deputy is to work in the Federation Council on a permanent basis. "Officials of legislative (representative), executive, self-government and judicial bodies, prosecutor's offices, career officers and other state officials may be registered as candidates to the Federation Council provided they take leave from the moment they are registered until election day," the law stipulates.

It further declares that the Federation Council will be formed for four years. The elections to the Federation Council will be held within four months from when they are announced. The elections will be held once in four years on the second Sunday of December (December 10 in 1995 — IF note). The Central Electoral Commission may delay elections, but by no more than one month, to make it coincide with parliamentary elections.

Agreement on Military Advisers to Tajikistan Ratified

LD2707160995 Moscow Mayak Radio Network in Russian 1430 GMT 27 Jul 95

[FBIS Translated Text] The Federation Council today ratified the agreement between the governments of Russia and Tajikistan on the sending of Russian miltary advisers and specialists to Tajikistan. They will render practical assistance to the command of the Tajik Armed Forces in organizing combat training and improving the organizational structure of the troops. Russian specialists will not take direct part in combat operations.

Parliament Debates National Security Concept

MK2807095695 Moscow KOMMERSANT-DAILY in Russian 27 Jul 95 pp 1, 4

[Report by Aleksandr Koretskiy: "National Security Based on the 'Happy-Go-Lucky' Principle"]

[FBIS Translated Text] Russia is a "civilization in transition" which, if it can develop steadily at all, must follow only one — imperial — path. Neither the federative nor the national type of development, for all their sociopolitical attractiveness, will allow it to preserve the status of a great power. In general, however, it is simply wrong to talk about any ongoing development with respect to Russia today. In the absence of clearcut priorities, its internal and foreign policy simply have the appearance of random movement. The situation can be remedied, but for this a national security concept needs to be worked out as soon as possible. Are these philosophical exercises? No. This is what was actually said at yesterday's hearings in the Federation Council.

They discussed a national security concept, a document which defines with utmost clarity the potential and real threats to the state and also the methods and means of countering them — not only in the military but also in the economic, informational, environmental, and — most importantly — political spheres. Putting it as simply as possible, the national security concept/doctrine is nearly the same as the General Staff's contingency plans for war. The only difference is that the doctrine provides for a far wider scale and arsenal of means to protect national interests. Until now, Russia has had no national security plans or doctrines, and chances are that it will continue having none for a long time to come.

At first glance, nobody in Russia denies the need for a concept to be worked out, but the urgency of this procedure is in effect called into question. Indeed the country has been around for over four years now — and nothing has happened. True, it has been living according to the Russian "happy-go-lucky" principle, which cannot go on forever. This is precisely what was said at the hearings by the army and the military-industrial people who are very uncomfortable with the large-scale plans for military reform — the doctrine's basic component. They are frightened not so much by its scale as its possible results. In particular, if Russia continues to destroy combat hardware at the same pace, complying with the CFE Treaty, then in a couple of years the ratio of conventional weapons between NATO and Russia will be 4:1 — definitely not in Russia's favor. Back in 1989, it had an absolute advantage.

Indeed it is necessary to downsize — not the state-of-the-art equipment fresh off the production line, however, but the obsolete equipment that was in service in the Soviet Army in the 1960's and 1970's. So far the opposite has been true. There are several reasons for this, but the main one is the absence of a coherent plan for the technical modernization of the Russian army. Yet what plan, or military reform in general, can there be if nobody in Russia can give an accurate answer to the sole, but crucially important question: Is it a good idea to continue developing plans for delivering a

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so-called retaliatory strike against a country which has been officially recognized as a strategic partner — in other words, to make preparations for war (committing substantial resources to it) with a power which on paper is an ally? Those who by virtue of their official position are supposed to answer this question cannot do so. They cannot because Russia today, according to Sergey Rogov, director of the U.S. and Canadian Studies Institute, has no clearcut foreign policy priorities in the first place. There is only general phraseology to the effect that the country has no military adversaries. This, however, does not mean that there is no military danger for Russia: It will always be there, and the main thing is to prevent it from growing into a military threat.

The doctrine, according to Rogov, should also lay down the fundamental principles of Russia's attitude toward strategic nuclear forces. This question today is acquiring a special significance. It is no secret that it is thanks to its nuclear weapons that Russia is still considered a great power. Given the deplorable condition of its conventional weapons, the preservation and development of nuclear forces should become Russia's number one priority. At the same time, under present-day conditions, it is simply senseless to put the main burden of protecting the national interests on the conventional army: It has all but lost its combat ability, as demonstrated by the events in Chechnya. The suppression of a relatively limited armed revolt has imposed a financial and military strain on almost the whole country. True, the army can be restored for a relatively small outlay. Things are more difficult with the defense potential, which Russia has partially lost already. Concern about preserving it (primarily key scientific and production centers) should become the number two priority. Both goals can be achieved only by taking substantive measures. In particular it was maintained at the hearings that the army can be reformed and priorities in the defense industry can be defined within a relatively brief time span. During this time, the national interests will be protected by the strategic nuclear forces. As we say, cheap and cheerful.

Of course, the doctrine must definitely have a section stating how Russia generally visualizes itself in today's world: with or without allies. If it counts on its allies (otherwise the level of its influence will be reduced from worldwide to regional), then the principles and objectives of the bloc need to be clearly defined. Such a bloc is gradually emerging: a CIS collective security system. Moscow in effect no longer has any other allies. However, Moscow's plans for a collective security system have not been shared so far by its allies. This is why military integration within the CIS framework is proceeding with great difficulty: The former union republics regard the creation of a single planning center, a single intelligence space, a single troop command and control system, and, finally, a single interstate military doctrine as containing the direct threat of fresh subjugation — this time, a military-strategic one — let alone Russia's intention to create special mobile forces in the operational sectors that are the most dangerous for the entire CIS — to cover particular border sections.

Only one person — Vadim Lukov, chief of the Foreign Affairs Ministry Foreign Policy Planning Department — spoke yesterday about Russia's imperial ambitions, which it cannot help demonstrating (because they are in its blood) from time to time. He was also the one who suggested that Russia is nothing but a "civilization in transition." Today's world, according to Lukov, is rapidly losing its multipolar nature, which underlies Moscow's current external behavior pattern. The world is again becoming bipolar, although its poles have not as yet been clearly defined. It is already clear, however, that Russia constitutes neither of these poles. The reason for this, and therefore the main threat to national security (diminishing influence and international prestige, and so forth), is the absence in the country of an elite capable of ensuring the state's ongoing development. In the United States it was formed on the basis of a financial oligarchy processed in the cauldron of democratic elections. The Russian fat cats, however, cannot become the "locomotive" of national development because they, skipping the national stage, are rapidly turning into a multinational oligarchy, which will not help Russia. Vadim Lukov did not say anything about what is to be done in this situation, offering instead some general formulations about the need to urgently take "corresponding technological and political measures." However, his point that Russia needs within a limited time span to "develop a projected form of history" (such, in his opinion, was in particular the idea of building socialism-communism in an individual country) greatly fascinated the senators and guests. In effect he suggested working out and starting to implement the idea of creating "a state of a new type." Apparently, in a test tube. If Russia follows a natural course of evolution, it will fall catastrophically behind the world's leading nations and cease to be a world power.

It was expected that the Federal Security Service would also present its vision of a national security concept to the senators, but for some unknown reason the counterintelligence officer invited to the hearings did not show up. Somebody joked: Barsukov did not let him go.

The Federation Council Security Committee, which organized the event, will soon draw conclusions from the presentations made. However, it can be already

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be stated with confidence that work on the national security concept will be extremely difficult and lengthy, so varied are the opinions on the objectives that this document should pursue. Until that happens, it is still very much happy-go-lucky....

Evolution of Bicameral System Viewed

MM2807093495 Moscow SOVETSKAYA ROSSIYA in Russian 25 Jul 95 p 2

[Article by Vladimir Isakov under the "Parliamentary Diary" rubric: "Burden of Choice"]

[FBIS Translated Text] **Legislative "Itch"**

So, another six months and another State Duma session is over, virtually its last. The impending election campaign is unlikely to allow the Duma to establish a good working rhythm in the fall. So now is the time to sum up a few results.

Comparing the previous system, where the two equal chambers acted in parallel, with the present system, where they are engaged "in sequence," I must unequivocally acknowledge the advantage of the latter. In two years of work, the specialization of each chamber has been clearly delineated. In the lower chamber, political passions run high and there are struggles between the various factions, but at the same time it is responsible for the bulk of the legislative work.

Once a law has been adopted, it is sent to the upper chamber, which takes a different approach. By virtue of the upper chamber's specific features, a draft law is assessed primarily from the standpoint of regional interests, which, however, are often interpreted as local interests, or even as the personal interests of the regional leaders concerned.

When the lower chamber gets into "button pushing" mode (and this does happen, unfortunately), the upper chamber acts as the technical control department to stop an unprofessional, superficial attitude toward lawmaking.

In some cases, differences in the two chambers' approach to a draft law can become a serious problem. Everyone remembers the very difficult multiround process of coordinating positions on the law on the election of deputies to the State Duma. What did this show? The specifics of bicameral parliamentary systems are such that success does not always fall into your hand like a ripe apple and an agreement cannot always immediately be reached on every question.

However, the most serious problem in the State Duma's work in the last 18 months has been its relationship with the president. The president's vast imperious powers require judicious self-restraint in their use. The president's unique position within the constitutional system — outside the framework of the separation of powers — assumes he will use his rights primarily to coordinate the activity of the different branches of power and seek a consensus in the political sphere.

Unfortunately, practice has taken a different direction: The president's vast powers have been used to interfere in the prerogatives of the legislature and the executive: Imposing the wrong decisions (Chechnya) and blocking their actions (the political amnesty). The president is largely to blame for the fact that the rule of law, executive discipline, and morality in society in general have fallen to an unprecedentedly low level. Swaggering with an excess of powers, the arrogant, unpredictable presidential power has become the main source of instability.

The Duma's relations with the government and with the executive in general have been far from optimum, in my view. While doing its utmost to cajole the Duma on the eve of the vote on the budget, the government immediately forgot it even existed as soon as the desired result was lit up on the display board. The flow of information dried up immediately, and both the prime minister and rank-and-file members of government began to give the Duma a very wide berth. The warm words of "cooperation" were forgotten until the next budget vote.

The Duma's relations with the third power, the judiciary, have been more or less normal. The Law on the Constitutional Court (the adoption of which was given priority by the Duma) has allowed it to renew its work. Legislation on state arbitration has been completely updated in the last 18 months, with the adoption of the Law on the Court of Arbitration and the new Code of Arbitration. Amendments to the law on the status of judges have strengthened the authority and social protection of the legal profession. A fundamental law on the legal system, amendments to the Civil Procedure Code, and a law on the Russian Federation Prosecutor's Office are being published.

As for the Duma's own weak points, I would single out the problem of legislative initiative, the first stage in the legislative process. For some reason, the Duma does not appear to have a "filter" at the entrance to screen out superficial, ill-considered ideas and proposals. Any old letter sent to the Duma is immediately treated as a legislative initiative. As a result, parliament has been literally inundated with a vast quantity of "trashy" draft laws which have been "finalized" with the utmost reluctance in various committees and then left to spend months wandering from one agenda to another in the

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hope of "somehow slipping through." Indeed, some did slip through in the last few days, when voting was done as though by conveyer belt — without any reports or discussions.

The results of the last 18 months of work by the Duma give grounds for a certain amount of optimism. The committees' specialization, their forms of work, and the procedure for interaction have all been defined. Parliament has amassed some interesting experience as a "legislative machine" and as the focus of public political life. Let us hope it is not jolted by the deep potholes of the next political campaign....

Flight in a Balloon

Nevertheless, it is a pity that parliament is so rarely shown on television nowadays: The session of the upper chamber devoted to the law on the formation of the Federation Council would have given television viewers great pleasure.

It was clear from the outset that the law's fate would be complex: The Federation Council Committee for Legislation unanimously approved it, while the Committee for Federation Affairs equally unanimously gave the "thumbs down."

You should have heard the discussion that followed! There was a clash of two approaches, two views, and two positions. Some wanted to form the Federation Council by democratic means, with the participation of the voters, while others favored forming this body on the basis of the official nomenklatura principle. In discussing the different versions of the law the "senators" were deciding the fate of the country, the fate of representative power in Russia, and their own fate....

Taking the temperature of the discussion, V. Shumeyko realized that the draft law had a chance of getting through, so he immediately announced a break. After the break — how convenient! - - a quorum could not be found.

The discussion resumed the next day with even greater heat and bitterness. Members of the Federation Council spent almost an hour trying to persuade their chairman to vote for the law in an open roll-call vote using ballot papers (the regulations do provide for this form of voting). Shumeyko equivocated, twisted and turned, and tried inconceivable tricks, but in the end he was forced to agree when some deputies threatened to walk out. What a pity that episodes like these almost always remain "off camera." Even if only once, the people should be shown who their leaders are!

The vote on this question has brought together two people who had appeared to be "antipodes": V.A. Starodubtsev and Yu.D. Chernichenko. Both voted in favor of forming the Federation Council by means of elections. It transpires that Ye.S. Stroyev, returned to power on a wave of strong popular support, takes the opposite viewpoint....

Knowing many members of the Federation Council personally, I follow the evolution of their views with interest. Take, for example, Viktor Nikolayevich Stepanov, head of government of the Republic of Karelia. Many still remember his brilliant, emotional speeches at RSFSR Congresses of People's Deputies. It seemed that nothing could shake the stand taken by this man.

In the days of the State Committee for the State of Emergency I met Viktor Nikolayevich in the White House. Like me, he was outraged by this grandiose act of provocation, the root cause of which was the incessant power struggle between Gorbachev and Yeltsin. He was even prepared to sign a statement to this effect, drawn up by B.M. Isayev and myself. But...he did not sign.

Following the publication of the Federation Treaty V.N. Stepanov issued a strongly worded statement, saying that the document had been falsified and incorporated into the Constitution in the form of an "appendix," rather than as a section in its own right as the Congress had decided. He even threatened to take those responsible for the falsification to the Constitutional Court...but things did not go that far.

The Moscow authorities have quite a few levers of influence on regional leaders: Tariffs, benefits, credits, subventions, investments. Following a presidential edict granting Karelia preferential economic status, Viktor Nikolayevich softened his stance considerably.

The conference of republic heads at which it was agreed to replace the Congress of People's Deputies with an alternative body of state power in exchange for a package of new "sovereignties" was held in August 1993 in [the Karelian capital] Petrozavodsk. It is hard to interpret this as anything other than a sign of the Moscow authorities' complete trust in and liking for this former "communist functionary."

At the Federation Council session Friday, Viktor Nikolayevich spoke vehemently in defense of the "nomenklatura" principle of forming the Federation Council, became exasperated, and threatened his opponents with the Constitutional Court....

Power is a terrible thing.

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Federal Assembly Chronology for June

WA2707192295

[FBIS Media Note] [Introduction] This FBIS Media Note contains a topical listing of major decisions, discussions, and actions made by or taken on behalf of the Russian State Duma and Federation Council. Further textual material is available in the 1995 editions of the FBIS Daily Report (DR) "Central Eurasia" or in other cited sources. The citation provides DR listings and page numbers at the end of each entry. Items that have been entered under more than one topic headings are marked with an asterisk (*). A list of abbreviations and their expansions follows the chronology.

FOREIGN POLICY AND ARMS CONTROL

U.S., Europe, and Latin America

7 Jun 95 — Duma rejects two draft laws dealing with cultural treasures Russia seized during WWII and sets up a conciliatory commission (8 Jun 95, 19)

7, 9 Jun 95 — Duma deputies condemn plans by Western countries to deploy 10,000 NATO servicemen in Bosnia without giving them peacekeeping force status and instruct the Committee for International Affairs to draft a declaration on the escalation of the Balkan crisis (8 Jun 95, 5); on 9 June Duma passes declaration "On Russia's Position at This Stage of the Balkan Crisis and Initiatives for a Bosnia Settlement" (12 Jun 95, 32; 26 Jun 95, 34)

CIS/FSU

6 Jun 95 — Council approves federal law "On Ratifying the Treaty of Friendship, Good-Neighborliness, and Cooperation Between the Russian Federation and the Republic of Belarus" (8 Jun 95, 20)

*14 Jun 95 — Council extends use of a contingent of the Armed Forces in the Georgian-Abkhazian conflict to 31 December (15 Jun 95,16)

14 Jun 95 — Duma rejects CPRF proposal to condemn the 1991 Belaya Vezha agreements on disbandment of the USSR and formation of the CIS (vote: 197-17, 3 abstentions); no explanation provided (15 Jun 95,17)

Near East, Africa, and Asia

23 Jun 95 — Duma ratifies Russian-Chinese border agreement on the western sector; agreement was signed 3 September 1994 (26 Jun 95, 34)

23 Jun 95 — Duma delays ratification vote on Russian-Turkish agreement on avoiding dual taxation in income tax on the suggestion of Chairman of International Affairs Committee Lukin (Yabloko Bloc) that ratifying it might be perceived as taking sides in the territorial dispute between Greece and Turkey over islands in the Aegean; Duma decides to form a commission to clarify circumstances of signing (26 Jun 95, 36)

General

9 Jun 95 — Duma adopts a CPRF motion to debate in closed session the activities of the Foreign Ministry and Foreign Minister Kozyrev (vote: 247-5, 1 abstention) (12 Jun 95, 33; 16 Jun 95, 46)

MILITARY AND SECURITY ISSUES

6 Jun 95 — Council rejects federal law "On State Policy in the Sphere of the Handling of Radioactive Waste;" no explanation provided (8 Jun 95, 20)

7 Jun 95 — Duma adopts the decree setting up a Commission on the Observance of Legality by Special Subdivisions of the Russian Internal Affairs Organs and Internal Troops (16 Jun 95, 53)

9 Jun 95 — Duma rejects law proposed by Deputy Chief of the General Staff Colonel-General Zherebtsov to impose harsher punishment for those, including officials, who violate the law on military service; no explanation provided (vote: 162-41, 9 abstentions) (12 Jun 95, 37)

*14 Jun 95 — Council extends use of a contingent of the Armed Forces in the Georgian-Abkhazian conflict to 31 December (15 Jun 95, 16)

14, 15 Jun 95 — On 14 June the Duma approves package of laws regulating all activity in the field of nuclear energy (15 Jun 95,21); on 15 June the Council passes the package (16 Jun 95, 52); on 17 May Duma rejected the package as a whole while accepting individual laws and on 25 May Council rejected law on waste handling while admitting to the necessity of the laws and suggested amendments.

15 Jun 95 — Council decides to ask Consitutional Court to interpret the Council's role in deciding matters of sending peacekeepers abroad when the use of such is already stipulated by international agreements signed by Russia (16 Jun 95, 47)

POLITICAL AND LEGAL ISSUES

9 Jun 95 — Duma decides to adopt a proposal by Chairman of Security Committee Ilyukhin (CPRF) and Chairman of Legislation Committee Lukyanov (CPRF) to ask the Consitutional Court to interpret the constitution's section on division of state power into the legislative, executive, and judicial bodies (12 Jun 95, 34)

Executive Branch Relations

7 Jun 95 — Duma urges Constitutional Court to interpret Article 104 of the Russian Constitution which

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covers the procedure and schedule of submitting to the president the laws adopted by Duma and Council and the procedure of considering them by the president (8 Jun 95, 19)

*9 Jun 95 — Duma adopts appeal to President Yeltsin "On Ending the Bloodshed in the Chechen Republic" (19 Jun 95, 34)

15, 19, 21, 23 Jun 95 — On 15 June the Duma Council receives DPR's initiative signed by 102 deputies to declare no confidence in the Chernomyrdin government (16 Jun 95, 48); on 19 June the Duma decides to discuss the issue of no confidence in the government (20 Jun 95,41); on 21 June Prime Minister Chernomyrdin addresses the session discussing confidence in the government; the Duma subsequently votes to support the no-confidence motion (vote: 241-72, 20 abstentions) (21 Jun 95, 23; 22 Jun 95 /supplement/, 1); Duma rejects an appeal to Yeltsin to support the Duma's no-confidence vote (vote: 168 for) (22 Jun 95, 36); Chernomyrdin issues a statement calling for the Duma to hold a vote of confidence (23 Jun 95, 22, 38; 26 Jun 95, 36); on 23 June the Duma votes to set up a committee under Speaker Rybkin to work with Yeltsin on composition of the government (vote: 257-2) (23 Jun 95, 44)

*16 Jun 95 — Duma adopts an appeal to Yeltsin to interrupt his participation in the G-7 summit in Halifax, return to Russia, and head the state commission in charge of investigating the events in Budennovsk (vote: 258 for) (19 Jun 95, 30; 20 Jun 95, 38)

21, 23 Jun 95 — On 21 June Duma rejects proposals for resignations of Deputy Prime Minister and Minister for Nationalities and Regional Policy Yegorov (vote: 139-9, 2 abstentions), Minister of Defense Grachev, Minister of Interior Yerin, Director of FSB Stepashin (vote: 138-9, 6 abstentions) (22 Jun 95, 33); on 23 June Duma rejects a no-confidence vote in First Deputy Prime Ministers Soskovets (vote: 110-25, 3 abstentions) and Chubays (vote: 221-52, 1 abstention),Deputy Prime Minister Shakhray (vote: 217-22, 6 abstentions), Foreign Minister Kozyrev (vote: 197-22, 6 abstentions), and Stepashin (vote: 202 for); Duma also rejects proposal of Deputy Tishkovskaya (NRP) to include on agenda a no-confidence vote in Chief of General Staff Kolesnikov; Duma recommends dismissal of Grachev (vote: 268-8, 2 abstentions), Yerin (vote: 284-2, 1 abstention), Yegorov (vote: 243-5, 3 abstentions) (23 Jun 95, 45)

23 Jun 95 — Duma rejects proposal of Deputy Mironov (CPRF) to impeach Yeltsin (vote: 172-58, 1 abstention) (23 Jun 95, 46)

Internal Legislative Issues

9 Jun 95 — Duma adopts proposal of Chairman of Security Committee Ilyukhin (CPRF) to lower the requirement to deprive deputies of their immunity from 300 votes to 226 votes (vote: 268 for) (12 Jun 95, 35)

23 Jun 95 — Duma rejects proposal by Deputy Kuznetsov (LDPR) to include on the agenda the issue of reelection of Rybkin (vote: 73-138, 4 abstentions) (23 Jun 95, 44)

Political Parties and Political Life

7 Jun 95 — Duma urges Constitutional Court to review Council's 4 May veto "On the General Principles of Organizing the System of State Authority in Russia's Constituent Members" (8 Jun 95, 19)

9, 14, 15 Jun 95 — On 9 June Duma approves redrafted law "On Duma Elections" (vote: 264-45, 2 abstentions) (9 Jun 95, 31; 12 Jun 95, 33); on 14 June Council rejects law (vote: 76-26, 13 abstentions) (15 Jun 95, 17); during a 15 June repeat vote Council approves the law preserving the 225:225 ratio of deputies from parties and one-seat constituencies, but limiting the number of Moscow-based candidates (vote: 113-9, 3 abstentions) (15 Jun 95, 19)

Judicial and Legal Reform

7 Jun 95 — Duma approves final reading of law on "On the Russian Prosecutor's Office;" on 12 April Duma approved first reading of law (8 Jun 95, 18)

21 Jun 95 — Duma passes on second reading the draft federal law on procedures to initiate a referendum (vote: 325-1, 2 abstentions) (22 Jun 95, 36)

ECONOMIC POLICY

Budget, Taxes, and Banking

*6 Jun 95 — Council requests by decree that within two weeks the Russian Federation Government and the Central Bank of the Russian Federation reschedule debts and interest related to centralizing credits, bringing their attention to the unlawful delay in implementing the federal law "On Rescheduling Debts Relating to Centralized Credits and the Interest Accrued on Them of Organizations in the Agro-Industrial Complex and Also Organizations Which Carry Out the Transportation (Storage and Sale) of Output (Commodities) to Regions of the Far North and Localities Equated with Them" (8 Jun 95,20)

7 Jun 95 — Duma rejects bill "On State Extra-Budget Funds" questioning whether the Finance Ministry would be able to "look after the money more efficiently than the funds do" (8 Jun 95, 17)

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7 Jun 95 — Duma passes draft law "On the Budget of the Pension Fund" and rejects law "On the Size of Insurance Contributions to the Pension Fund" (vote: 3 for) (8 Jun 95, 19)

15 Jun 95 — Duma requests Constitutional Court review the conformity of the president's 28 February 1995 edict "On Measures to Strengthen Financial Discipline in Budget Execution" to the constitution (15 Jun 95, 19; 16 Jun 95, 51)

15 Jun 95 — Council adopts law "On Raising the Minimum Amount of Pensions, a Procedure for Indexation and Recalculation of State Pensions in the Russian Federation" which sets the minimum pension at 52,486 rubles and all pensions will increase 1.2 times (15 Jun 95, 20); Duma passed law on 26 May (15 Jun 95, 20)

15 Jun 95 — Council rejects bill "On the Market of Securities, "but urges clarification and reformulation of the bill to protect stability of nation (16 Jun 95, 52; 27 Jun 95, 32)

16 Jun 95 — Duma adopts in a second reading amendments to the law "On Principles of the Tax System" (19 Jun 95, 74); first reading of the amendments was held in December 1994.

Privatization and Bankruptcy Issues

15 Jun 95 — Duma approves first reading "On Simplifying the System of Taxation and Accounting for Subjects of Small Entrepreneurship" (15 Jun 95, 19)

23 Jun 95 — Duma passes law on joint-stock enterprises, which protects rights and interests of shareholders (26 Jun 95, 44)

Social Welfare

6 Jun 95 — Council rejects federal law "On the Minimum Living Wage in the Russian Federation" and recommends setting up a conciliatory commission (8 Jun 95, 20)

*7 Jun 95 — Duma accepts proposal of Deputy Baburin (Russian Way) to set up a commission to investigate tragedy in Nef tegorsk, which was devastated by the 28 May earthquake (7 Jun 95, 27)

23 Jun 95 — Duma passes on second reading a draft law on refunds for delays in the payment of wages, pensions, and stipends (26 Jun 95, 44)

27 Jun 95 — Council rejects federal law "On Architectural Activity in the Russian Federation" and refers issue to a conciliation commission (27 Jun 95, 32)

Foreign Trade

9, 14 Jun 95 — On 9 June during a second reading the Duma turns down all amendments to law "On Agreements Dealing With Production Sharing;" no explanation provided (12 Jun 95, 37); on 14 June the Duma adopts law which creates a legal basis for relations, connected with Russian and foreign investments in prospecting, exploration, and extraction of mineral raw materials on the territory of the Russian Federation, as well as on the continental shelf and in the exclusive economic zone of Russia (15 Jun 95, 21; 16 Jun 95, 52; 20 Jun 95, 42)

15 Jun 95 — Council rejects a proposed extension of foreign trade credits to sports organizations and associations of the disabled because of the impact on budget revenues and the uncertainty of new sources of revenue to cover the losses (16 Jun 95, 52)

15 Jun 95 — Council approves law on restructuring debts on state credits granted by Russia to ensure the Assembly's control over them (16 Jun 95, 76)

Agriculture

14 Jun 95 — Duma rejects new version of law "On Land Code" because of disagreement over private ownership and long-term lease of agricultural and urban land (vote: 177-103, 7 abstentions) (15 Jun 95, 20); Duma rejected first version of law in late March (15 Jun 95, 20)

RUSSIAN REGIONAL ISSUES

*6 Jun 95 — Council requests by decree that within two weeks the Russian Federation Government and the Central Bank of the Russian Federation reschedule debts and interest related to centralizing credits, bringing their attention to the unlawful delay in implementing the federal law "On Rescheduling Debts Relating to Centralized Credits and the Interest Accrued on Them of Organizations in the Agro-Industrial Complex and Also Organizations Which Carry Out the Transportation (Storage and Sale) of Output (Commodities) to Regions of the Far North and Localities Equated with Them" (8 Jun 95, 20)

*7 Jun 95 — Duma accepts proposal of Deputy Baburin (Russian Way) to set up a commission to investigate tragedy in Nef tegorsk, which was devastated by the 28 May earthquake (7 Jun 95, 27)

9 Jun 95 — Duma adopts on second reading the law "On General Principles of Organizing Local Self-Government in the Russian Federation" (vote: 321 for) (12 Jun 95, 37)

*9 Jun 95 — Duma adopts appeal to Yeltsin "On Ending the Bloodshed in the Chechen Republic" (19 Jun 95, 34)

15 Jun 95 — Speaker Shumeyko addresses Council on terrorist act in Budennovsk; Council rejects first draft of statement on situation (16 Jun 95, 45)

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*16 Jun 95 — Duma adopts an appeal to Yeltsin to interrupt his participation in the G-7 summit in Halifax, return to Russia, and head the state commission in charge of investigating the events in Budennovsk (vote: 258 for) (19 Jun 95, 30; 20 Jun 95, 38)

16 Jun 95 — Duma adopts on third reading the law "On General Principles of the Organization of Local Self-Government in the Russian Federation" (19 Jun 95, 40)

MEDIA ISSUES

6 Jun 95 — Council rejects law "On State Support for the Mass Media and Book Publishing in the Russian Federation" because members of its budgetary committee believe that the law's provisions on tax and customs funds and special financial procedures for mass media and book publishing organizations run counter to existing legislation; Council suggests Duma set up a conciliation commission (7 Jun 95, 27)

7 Jun 95 — Duma decides to send an inquiry to Constitutional Court on constitutional compliance of 29 November presidential decree on improving the operation of TV Channel 1 and its broadcasting network (8 Jun 95, 19)

Abbreviations

CIS - Commonwealth of Independent States

CPRF - Communist Party of Russian Federation

DPR - Democratic Party of Russia

FSB - Federal Security Service

FSU - Former Soviet Union

LDPR - Liberal Democratic Party of Russia

NATO - North Atlantic Treaty Organization

NRP - New Regional Policy

U.S. - United States

USSR - Union of Soviet Socialist Republics

Regional Affairs

Commentary on Currently Recessed Talks in Groznyy

'Power Circle' Likely To Disrupt Talks

MK2807135995 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 27 Jul 95 p 2

[Report by Yuliya Kalinina: "Our Gift to the Premier;" postscript by N.M.]

[FBIS Translated Text] The negotiations in Groznyy are increasingly starting to look like a fine theatrical performance. The passions are simply Othello-like: First, Volskiy accidentally lets out some secret to journalists; then, Imayev takes offense and "goes into hiding under a camp tent" to see how things get along without him; then, again, Dudayev comes out calling the Russian side hairsplitters, or Basayev bluntly promises to shoot traitors "who are trading in their motherland...."

The behavior and statements are so theatrical that one cannot help wondering what is a game and what is genuine.

It seems that the problem is, after all, not Chechnya's official status, which is claimed to be the stumbling block. The delegations sat down at the negotiating table to end the bloodshed. Nobody authorized them to settle a constitutional matter. Naturally, they are unable to settle it.

The easiest way out is to leave the status issue alone until better times, veiling its vague future with no less vague wording — dozens of variations can be invented at will — and to embark on the actual separation of troops and turning in of weapons. This, however, is not working; the sides have dug in their heels.

The reason why the negotiations are not going anywhere seems to be quite different. It is not the status that they are fighting for at the OSCE Mission. They are fighting for power, for the huge sums of money coming into the possession of Chechnya's future head and those who will share it with him. They are fighting for the hearts of voters, who will have a particular liking for the peacekeepers who stopped the war. In other words, it seems that the time of "elbowing one's way" has come.

According to a government source close to Viktor Stepanovich's [Chernomyrdin's] "circles," Dudayev's present entourage is not monochromatic — there are at least four different hues in it. Three of the four are pro-Russian. Approximately two thirds of the field commanders are in favor of stopping the war.

According to the same source, some representative of the Chechen side keeps contacting Moscow on his own and recommending that they bank on him and his people, promising to restore complete order in the republic within two days. This resembles the "Khadzhiyev" case — this was nearly the same way the war started.

As for Khadzhiyev himself, the informer said that he has fallen into disfavor with his Russian colleagues: "He has outdone Dudayev in bringing corruption, planted his relatives everywhere, enabled them to trade in humanitarian aid, squandered enormous amounts of money allotted for restoration, and has not backed the activities of the federal commandants' offices." So

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Khadzhiyev will probably have to say goodbye to power soon.

Surprisingly, the issue of Chechnya's status itself arouses virtually no concern in the "premier's entourage." It seems that no special importance is attached to the matter, as if it has been already solved or can be solved in principle. What does arouse concern is something else — "the increasingly militaristic sentiments in society," that is, the growing wish of the general public to bring things without fail to a triumphant end. In addition, the withdrawal of troops is seen as a problem: The Russian "gunmen," who have gone slightly wild in Chechnya, should be provided with some socially useful occupation; otherwise, in a peaceful Russia they will be unable to give up the way of life they have gotten used to.

According to one source representing a different governmental "circle" not associated with the premier (and, naturally, we have no less a number of such "circles" than Dudayev — four or even five), the situation is much more serious, since our "circles" are not sitting twiddling their thumbs, either. For instance, the rise in "militaristic sentiments" in society is clearly the work of the "power circle." Moreover, this is done not so much for the army to know that it has not fought in vain (although this motive, of course, is very important, too) as for election-related reasons. The premier as a peacemaker, gaining all the trump cards by the time of the elections, does not suit this "circle."

In the opinion of the above "non-premier" source, the balance of forces in the battle of the Russian monsters is tending to shift now toward the "power circle." This means that in the near future we can expect that the negotiations will be stopped because of their complete "hopelessness" and that the war will continue, to be ended by the president, and not by the premier. This joyous event, however, will take place a bit later, closer to the elections.

Over the past week, according to the Defense Ministry's internal (but probably far from complete) information, 23 servicemen were killed and 61 wounded in Chechnya. During the combat operations, we had similar casualty figures.

This means that the same numbers of people will be dying until that happy time — "closer to the elections" — is determined.

P.S. Khamad Kurbanov, Dudayev's plenipotentiary envoy in Moscow (when arrested recently, he was presented to the public by the special services as the chief coordinator of Chechen groups in the event of a guerrilla war in the capital), is presently conducting negotiations with the general-president himself. Kurbanov has extensive connections among Russia's financial and industrial bosses. According to some information, one of the aims of his being in Ichkeria [Chechen name for Chechnya] is to put Shamil Basayev in his place, since the latter is, by his provocative statements, causing intense annoyance to those factions in the Russian and Chechen leadership that have long since found a common language.

'Unhappy Conclusions' Predicted

MM2807090295 Moscow PRAVDA in Russian 28 Jul 95 p 1

[Report by Nikolay Musiyenko: "Night-Time Shooting"]

[FBIS Translated Text] One of two things has happened — either the Dudayev leadership has lost control over the "field commanders" who are constantly breaking the moratorium on hostilities in Chechnya, and then the talks on a peaceful settlement to the conflict, at which, incidentally, there is currently a "technical interval," will lose all meaning (and in any case any document signed there will be worth no more than the paper it is written on), or the Chechen delegation at the talks is deliberately "bluffing" in an attempt to buy time to build up its forces and armaments. And then large-scale fighting will break out again....

Such unhappy conclusions suggest themselves when you familiarize yourself with the summary of the latest events in this "hot spot." Firefights intermittently break out here and there between Chechen gunmen and federal troops. Wednesday night was no exception. Throughout the first half of the night the Dudayevites, tried to destroy the Groznyy Military Headquarters, which is located approximately 8 km from the city center. The building came under an intensive bombardment of automatic and mortar fire. It was only at 0300 that the gunmen gave up — clearly realizing that they had a "tough nut" to crack.

Meanwhile, Doku Zavgayev, the former chairman of the Chechen-Ingush Supreme Soviet who was ousted by Dudayev in 1991, was appearing on the "Topical Interview" show on Groznyy TV. For the first time in almost four years, the ousted politician who found refuge in Moscow under the Russian president's "wing" has come out of the "shadows" to call the military operations in Chechnya a "tragic mistake." He called for an immediate end to operations and for "prestigious people in every Chechen settlement to be convened and action taken in accordance with their decision." Judging by everything, D. Zavgayev, a man of great political experience and one who was not mixed up in the crimes of the Dudayev regime, intends to stake a claim for a

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very high position on the eve of the coming elections for new organs of power in Chechnya....

Light Shed on Dudayev's 'Underground' Television

MK2807091295 Moscow OBSHCHAYA GAZETA in Russian No. 30, 27 Jul-2 Aug (Signed to press 26 Jul 95) p 2

[Report by Boris Talov: "Yellow Bus.... Speaks and Shows"]

[FBIS Translated Text] Media reports often refer to news obtained from broadcasts of the "underground Dudayev" television. There is virtually no one who knows what it really is.

Your OBSHCHAYA GAZETA correspondent managed to find out that the station goes on the air approximately once a week. According to military intelligence, its equipment is mounted on a yellow minibus which has been seen on more than one occasion in the republic's hard-to-access areas. It is broadcasting mostly to Chechnya's western areas, whereas its signal can very well be picked up by repeaters in Turkey, for example, or in Afghanistan and, amplified, beamed back to Chechnya. The station is highly mobile and it is constantly changing location, which makes it hard to destroy — if, of course, there is such a need.

It is hard to say what the mobile station is and where it comes from. Three such units were used during the war in Afghanistan for counter-propaganda purposes. Where they are now is unknown, as is the reason for disbanding the groups of well-trained army specialists in the field of counter-propaganda who have been sorely missed during the combat operations in Chechnya.

Field Commanders Said To Obey Orders From Dudayev

LD2807093395 Moscow ITAR-TASS in English 0858 GMT 28 Jul 95

[By Sharip Asuyev and Alexander Kharchenko]

[FBIS Transcribed Text] GROZNYY July 28 (ITAR-TASS) — A high-ranking official from the entourage of Chechen separatist leader Dzhokhar Dudayev denied reports that many field commanders no longer obey Dudayev's orders and attack Russian troops in violation of the moratorium on fighting.

He said on Friday it were "uncontrolled sole militants" who fire at Russian troops and accused Russian military of committing crimes as well.

"Provocative raids by various unidentified people or groups cannot be linked with organised forces of Chechen resistance, as well as criminal actions of certain Russian servicemen, including generals, should not be blamed on the whole Russian people", Daud Akhmadov, the prefect of the Shatoi region of Chechnya, said in a statement forwarded to the TASS office in Groznyy.

Akhmadov said "practically all" Chechen field commanders obey and coordinate their activities with the Dudayev's headquarters headed by Aslan Maskhadov and accused the Russian secret services of attempts to split the Chechen fighters on the eve of a new round of peace talks which is to begin Saturday.

"Among the fighters of the Chechen armed forces there were and are no principle contradictions with Dzhokhar Dudayev", he said.

"The false reports about uncontrolled Chechen field commanders are spread by Russian special services in order to sow discord and weaken the resistance forces in Chechnya", Akhmadov said.

Earlier Maskhadov also told TASS that his units observe the fighting moratorium and the attacks on Russian troops are staged by single uncontrolled fighters.

Chechen Movement Urges Talks With Field Commanders

LD2807104895 Moscow ITAR-TASS in English 1034 GMT 28 Jul 95

[FBIS Transcribed Text] GROZNYY, July 28 (ITAR-TASS) — The negotiating process in Groznyy can and must be carried on as long as necessary for a peaceful resolution of the crisis in the Chechen Republic, Lecha Umkhayev, leader of the Republic's largest socio-political movement Damoikhk (Fatherland), has told ITAR-TASS on the eve of a new round of talks scheduled for Saturday.

At the same time, his opinion is that talks on cessation of hostilities should be conducted with specific field commanders who have been misled by Dudayev propaganda, not with "those who have drawn the people into the war".

Touching upon a state-legal status of Chechnya, Umkhayev said this is "the prerogative of the multi-ethnic population of the republic and must be exercised only through a nationwide expression of will". Neither Russian government representatives nor supporters of Dzhokhar Dudayev have a legal right to tackle the issue, he said.

In November 1990, Umkhayev was one of the organisers of the first Congress of the Chechen People but did not keep the leadership. Dzhokhar Dydayev took over the leadership of a Presidium of the National Congress

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of the Chechen People, elected at the convention, and steered the republic to the extremist path.

The Umkhayev-headed Daimokhk movement advocates the establishment of coalition power bodies in Chechnya but objects to electing people from among Dudayev's immediate entourage to them.

The Russian government delegation, led by Vyacheslav Mikhaylov, leaves for Groznyy later Friday.

Progress in Restoring Chechnya's Petroleum Industry

LD2707213095 Moscow ITAR-TASS World Service in Russian 1347 GMT 27 Jul 95

[By Igor Ivantsov]

[FBIS Translated Text] Moscow, 27 Jul (ITAR-TASS) — More than 2,000 tonnes of oil is being pumped daily from Chechnya's oil wells and restoration work at the principal oil fields is progressing normally, ITAR-TASS was told today at the Russian Federation's Ministry for Fuel and Energy.

Experts estimate that if present pace is maintained it will be realistically possible in the future to increase the oil production to 1.2 million tonnes per year.

Vladimir Kostyunin, first deputy minister for fuel and energy, says that Groznyy oil refinery is practically ready to commence production. The plant's production capacity is 18 million tonnes but in reality, 6 million tonnes is a level of production the plant is more likely to achieve. This will include various kinds of aircraft lubricants. Before the 1990's, the plant manufactured 90 percent of all such lubricants produced in Russia.

Vladimir Kostyunin said that the production level will depend on whether it will be economically viable to refine oil in such quantities. But he believes that considering the vast markets in the agricultural areas of Stavropol Territory and Rostov region, production of petroleum products in the Republic of Chechnya itself should be organized on a scale sufficient to meet the requirements of these regions.

Specialists believe the pace of reconstruction works in the petroleum sector of the republic will in many ways depend on allocations from the federal budget. Over 536 billion rubles has already been allocated for these purposes, but nothing has been received so far.

No Chechen Persecution Evidence Found in Stavropol

LD2707204195 Moscow INTERFAX in English 1749 GMT 27 Jul 95

[FBIS Transcribed Text] STAVROPOL, July 27 (INTERFAX) — A delegation of the Salambek Khadzhiyev-led National Revival Government of the Chechen Republic has "on thorough examination of the situation in the Stavropol territory found no confirmation of reports about persecution of ethnic Chechens there." Deputy Prime Minister Kerim Soltakhanov, head of the delegation which arrived in the territory Thursday, told INTERFAX that the Chechen diaspora in the territory has every opportunity to live and work normally for as long as certain forces do not "blow up" the existing friendly relations between nationalities there.

A meeting Thursday between the delegation and top officials of the local administration, attended by representatives of the Chechen diaspora and the Russian Orthodox Church, unanimously denounced a campaign aimed at ruining harmonious ethnic relations in the territory.

Head of the Stavropol territory's administration, Petr Marchenko, said that the territory's leaders have always been trying to maintain good neighborly relations with Chechnya and its leaders "without passing judgment on their activities, be it the Dzhokhar Dudayev or the National Revival government.

Lema Dadayev, the nationalities and regional policy minister in the National Revival Government said that his colleagues are not worried by the Groznyy talks because the republic's population supports the policy of putting Dudayev's arbitrary rule behind them.

On the other hand, he said, these talks do cause a certain amount of surprise in as the federal government talks with people who represent nobody. "Only the National Revival government has representatives, or administration heads, in all districts, sets the political course and expresses the will of most of the Chechen population," he argued.

Stavropol Cossacks Appeal Over Chechen Districts

LD2707175195 Moscow INTERFAX in English 1501 GMT 27 Jul 95

[FBIS Transcribed Text] STAVROPOL, JULY 27 (INTERFAX) — The Council of the Cossack Leaders of Southern Russia believe that the Naurskiy and Shelkovskiy districts of "the defunct Chechen-Ingush Autonomous Soviet Socialist Republic" should be reincorporated into the Stavropol territory.

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In a letter sent to President Yeltsin Thursday the Cossacks voiced surprise about focus on the future status of Chechnya. "The status will easily be reconsidered at a referendum that can be held at first convenience inside Chechnya. So, why does everyone pretend that an agreement with the Chechens will insure peace and tranquility in the Northern Caucasus?" the Cossacks said.

The Cossack leaders demanded the return of the Naurskiy and Shelkovskiy districts to the Stavropol territory because they are sure that, agreement or no agreement, the population of the two districts will face problems on the order of those faced by ethnic Russians in the Baltic republics.

Cossack leaders Petr Fedosov, Valentin Sizov, Viktor Sharkkov, Vladimir Gromov and Valeriy Aleynikov signed the letter to the president.

New Checkpoint on Georgian Border Creates Problems

LD2707133595 Moscow ITAR-TASS in English 1307 GMT 27 Jul 95

[By Irina Shchegoleva]

[FBIS Transcribed Text] SOCHI, July 27 (ITAR-TASS) — The number of those who cross the Abkhazian section of the Russian-Georgian border at the Psou checkpoint has risen to 6,000 a day after the Russian side lifted some restrictions on crossing here, deputy commander of the Sochi united checkpoint Lt. Col. Nikolai Kulyagin told TASS on Thursday.

"We are acting in accordance with three governmental decrees," the Kulyagin said.

"A decree of December 19, 1994 imposed strict limitations on crossing the border. Part of them were lifted by two decrees of December 27, 1994 and July 7, 1995," he said.

Pensioners, women, minors — both Russian and Georgian (Abkhazian) citizens — and Russians who have property in Georgia (Abkhazia) will freely cross the border, according to the new decree.

The increasing flow of people across the border has added to the frontierguards' work. Their service has become all the more complicated because the checkpoint is not yet furnished with necessary equipment.

Kulyagin stressed that over the period of his service in Sochi, no federal funds had been specially allocated to the unit for expanding its facilities.

As before, men from 16-60 are not allowed to cross the border. The governmental decrees permit practically no exceptions to these regulations, which sometimes gives rise to absurd situations.

For example, what should do Russian men sent to Abkhazia on business? Women are allowed in, however men are sure to have problems. Male Russian holidaymakers will face similar problems.

The new border regime was not considered well. Borderguards and customs officers need explanations and amendments to the new decree, Kulyagin said.

Deputy Premier Zaveryukha Visits Krasnodar, Rostov

LD2707234395 Moscow ITAR-TASS World Service in Russian 1345 GMT 27 Jul 95

[By Viktor Zhilyakov]

[FBIS Translated Text] Krasnodar, 27 Jul (ITAR-TASS) — There are organizations in Russia that are interested in purchasing grain abroad, this correspondent was told today by Aleksandr Zaveryukha, deputy prime minister of the Russian Federation, who is taking part in a conference on the problems in the Kuban agro-industrial complex, which is taking place in Krasnodar. However, just as last year, the country is trying to manage within its own resources and there are good grounds for this, Aleksandr Zaveryukha reiterated. He said that 32-34 million tonnes of wheat will be harvested and that the acreage sown to maize has been expanded.

The deputy prime minister listened to a number of remarks by conference participants criticizing the government. Thus, because of a lack of funds to maintain the fertility of the unique chernozems, the yield of grain crops in the Kuban has been declining disastrously and is now slightly over 30 quintals per hectare. As a result, the gross yield of grain crops has been almost halved. The territory has begun to produce less rice and rice growers need no less than 70 billion rubles to restore the land reclamation systems which are no longer functional. Real money is needed, unlike what happened last year with the allocation of funds for replanting the 10,000 hectares of orchards which were killed by frost. Out of the 26 billion allocated only 3 billion reached Kuban farmers. Animal husbandry is in a particularly disastrous situation. Having once yielded great profits for the farms, today it has become an unprofitable sector.

Aleksandr Zaveryukha agreed that errors had been made in reforming agriculture. He observed, however, that the Kuban farmers must take the blame for part of the mistakes in the development of their own agroindustrial complex. Almost 900 billion rubles were invested in it last year alone from federal and regional budgets. No

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other Russian region has received so much in funds, the deputy prime minister said.

Later today, Deputy Prime Minister Aleksandr Zaveryukha arrived in the Rostov region on a two-day visit.

While harvesting bread grains this year, the growers in the Don region encountered harsh weather and economic conditions. The absence of the promised state credits brought many farms to the brink of disaster: There were no funds to prepare equipment for the harvest and there was nothing — because of a lack of fuel — to take the harvesting detachments out into the fields. To crown it all, there was the heat wave in the Don region on the eve of the harvest which damaged the grain and it became weak and devoid of value and strength. So far, the average gross yield is 18 quintals of grain per hectare, less than in the past few years.

Mordovia Endorses New Draft Constitution

LD2807122295 Moscow Mayak Radio Network in Russian 0700 GMT 28 Jul 95

[FBIS Translated Text] At the last sitting in Saransk before the parliamentary recess, the State Assembly of Mordovia endorsed the republic's new draft constitution, which envisages the introduction of the post of president. The draft constitution will be published for nationwide discussion, which will last until 20 September.

Novgorod Governor Urges Year-End Elections

954F2808A Moscow SEGODNYA in Russian 12 Jul 95 p 3

[Article by Tatyana Shchipanova: "Novgorod Governor Insists on Elections — Mr. Prusak Hoping He Will Be Supported by The Russian President and Directors of Oblast Enterprises"]

[FBIS Translated Text] Novgorod — At the most recent session of the oblast Duma, oblast head of administration Mikhail Prusak proposed an initiative calling for conduct of the election of the oblast governor at year's end and recommending that deputies adopt an appropriate law confirming the mechanism for implementation of this procedure. The desire of the oblast governor to complete the election procedure before the year is out, not waiting for the presidential elections, so as to solidify his position for at least another four years is entirely understandable. Right now Mr. Prusak is counting on support from the industrial directorate, directors of the timber industry complex, commercial structures, the Union of Employers, and Association of Commodity Producers.

In this situation, Mr. Prusak must convince the president to issue an edict on the conduct of elections in the region (as we know, there presently exists an edict imposing a veto on such elections). Following this, the only thing remaining for the governor to do is to organize the election campaign in such a way that people will come out to the polling stations.

The oblast Duma adopted the Law on Elections of the Head of Administration, a draft of which was discussed in all deputy commissions and in the community chamber. The head of the oblast met last week with the president and informed him of his initiative. Now the decision is up to the president — if an edict authorizing the conduct of elections in Novgorod Oblast is signed in July, the elections will take place in September.

Nizhniy Novgorod To Fall In Line With Election

MK2707125495 Moscow SEGODNYA in Russian 27 Jul 95 p 2

[Report by Vyacheslav Chebanov: "Nizhniy Novgorod Deputies Put Off Forming Commission for Gubernatorial Elections. Central Electoral Commission Urges That Local Law Be Brought Into Line With Federal Law"]

[FBIS Translated Text] A number of serious questions were considered by the oblast Legislative Assembly deputies in their last-before-the-recess sitting on 25 July. They registered Nizhniy Novgorod's charter. The deputies recommended five jurists selected by a special commission to be appointed by the president as judges in Nizhniy Novgorod Oblast. They also passed measures to reduce the oblast budget's 15-percent deficit. It was decided to peg land tax rates to inflation, to accumulate in the budget all hard-currency earnings, and to recommend to the tax services that they improve the quality of their work.

The deputies postponed consideration of the most important question — the forming of commissions for gubernatorial elections — and together with it, the Russian Federation Central Electoral Commission's order received by the Legislative Assembly to bring the local law on gubernatorial elections into line with federal legislation.

In the lawmakers' view, the Central Electoral Commission has found mistakes in Nizhniy Novgorod's law on gubernatorial elections so as to bring it into line with regulatory documents of the other regions which also intend to elect their governors. The Central Electoral Commission is apparently getting ready to formulate a single Russian law on gubernatorial elections. It may also be getting ready to step up its influence on "the hierarchy" of local electoral bodies. The Nizhniy Novgorod

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lawmakers found offensive the tone of the acting Central Electoral Commission chairman, Mr. Ivanchenko, noting that the oblast is going to elect a Nizhniy Novgorod governor, not a Russian governor.

The deputies had plans to form, already during that sitting, the oblast's electoral commission, but following bitter debates which in the end revealed some discrepancies between the law and the federal regulatory documents, it was decided to postpone the discussion until the next sitting.

Novgorod Oblast To Back 'Russia Is Our Home'

954F2808B Moscow SEGODNYA in Russian
12 Jul 95 p 3

[Article by Tatyana Shchipanova: "'Novgorod Oblast Is Our Home' Movement Established — The Novgorod 'Home' Is Closer to the Country Than the Moscow One"]

[FBIS Translated Text] Novgorod — Invited to the Constituent Congress of the Russia Is Our Home movement, which in "local dialect" is conveyed as "Novgorod Oblast Is Our Home" [NDN], were the managers of industrial enterprises, directors of commercial banks and check-investment funds, heads of rayon and rural administrations, and representatives of more than 20 political movements and parties. The backbone of the congress was comprised of employees of the city administration apparatus, and deputy heads and committee chairmen of the oblast administration. Novgorod Mayor Aleksandr Korsunov headed the Novgorod division of the Russia Is Our Home movement.

The sessions of the local "Home" and the Moscow "Home" were like two drops of water, though the former yielded in scope to the latter. "People of business" and representatives of the executive authority and creative intelligentsia came to the podium one after another and ardently expressed their support for NDN in the territory of Novgorod Oblast. Representatives of local branches of Russia's Choice and PRES [Party of Russian Unity and Accord] were elected to the working council of the Novgorod "Home." Regional organizations of other political parties, the Agrarian Party in particular, refrained from joining the movement without consultation with their central organs.

Mr. Rybin, rural soviet chairman from the city of Starorusskiy, rebuked the assembly for the fact that in instituting Novgorod Oblast Is Our Home in an agricultural oblast, the movement founders failed to include within their draft political declaration matters dealing with the stabilization of agriculture. Through his presentation, the representative of the working peasantry was easily able to include a special package of agricultural issues in the NDN program. These were also added to the political declaration of the movement.

Sverdlovsk Governor Views Central, Local Powers

MM2807082695 Moscow IZVESTIYA in Russian
26 Jul 95 p 5

[Interview with Sverdlovsk Oblast Administration Head Aleksey Strakhov by N. Aleksandrov under the "Press Release" rubric; place and date not given: "Provinces Versus the Center: Perspective from the Urals. Sverdlovsk Oblast Administration Head Aleksey Strakhov on Relations Between Center and Provinces"]

[FBIS Translated Text] [Aleksandrov] Aleksey Leonidovich, the Ural Republic, which was proclaimed by your predecessor, breathed its last one and a half years ago, while he went into retirement. The example he set, it seems, discouraged some oblast leaders from flying new flags over their administrations' premises. But how do you assess this attempt to create a quasi-state in place of a Russian oblast? What caused this — the regional leaders' political ambitions or a desire to escape from the financial yoke of the center?

[Strakhov] To be honest, even then it was more than clear to me that this whole business was unrealistic. OK, the republic was proclaimed, its constitution was adopted, and the governor massaged his ego as he assumed the title of president. But the simple question arose of what to do next. Should they stop paying federal taxes? Or release young men from the Urals for military service on the strict condition that they were not sent outside Sverdlovsk Oblast? Or stop strategic resources going to Russia? This would never happen even if a Great Urals Kingdom was proclaimed here! But let us suppose that this great dream came true. This really would mean a split with the center — and a split with the center would mean a split with Russia.

I must ask you now: Has any republic benefited from splitting away from Russia? (The Baltics do not count here because of the great support to the three Baltic countries from the West). Do you remember that tedious nationalist refrain: Russia, they said, is bleeding us dry. Let us break away from it and begin all over! Now we see clearly what turn their lives have taken. But, after all things could not have been any different because previously all the republics bought more from Russia than they sold to it, and to make up for this so-called balance of trade deficit, they regularly received non-returnable subsidies. For example, Kazakhstan received $11 billion, Ukraine — $6-7 billion, Georgia — $3.5 billion, and so on.

I am saying this to underline the absurdity of the attempts to break away from the single economic area.

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[Aleksandrov] But you have to recognize that the Federation components face different tax burdens. There are those that meticulously pay money into the budget and those that take money from it. Sverdlovsk Oblast is among the main contributors. But the republics which are Federation components give less and sometimes receive more. Surely this is not fair?

[Strakhov] I can only agree with you to the extent that both branches of federal power and all of us here have work to do. But I am absolutely sure that the division of powers by the central and regional authorities should not be reminiscent of a divorce where the furniture and the children are divided up. I am absolutely sure that anything other than searching for a purely political solution to this problem means going up a blind alley. It is necessary to follow the economic precedents.

[Aleksandrov] Are you convinced of this?

[Strakhov] Absolutely! I will give you an example. The Russian Government froze the construction of subway lines all over the country. There was no money. But I managed to prove that the Yekaterinburg Subway — unlike, say, the Moscow and St. Petersburg subways, which were financed from the federal budget — was built largely from the capital of Sverdlovsk enterprises. In the future we will continue to rely on local funds, but they are insufficient to continue the construction work. My proof was based on economic arguments. It was for this very reason that they were effective and we received federal finance.

[Aleksandrov] I think that this is what used to happen. This was called "scrabbling for funds."

[Strakhov] It is nothing of the kind! I said, you see, that politics were not involved here at all; everything was dictated by that logic, which is very close to my heart, of sensible financial management. We do actually give quite a bit to federal programs. Taking this into consideration, the government supports our regional programs. What we have here is a mechanism for mutual subsidies and certainly not "scrabbling for funds." I must say that you can shout as loud as you like about forming all sorts of republics, but you will not get anything significant off the ground. Because you should not fight against the center but know how to come to an agreement with it. Moscow is not as parsimonious as it is made out to be by the supporters of separatism on a grand and small scale.

We are striking deals with the center on other issues as well. For example, it often proves necessary to finance from our budget defense complex enterprises occupying a prominent position in the oblast's industrial structure. It goes without saying that we are doing this not because life is good and we do not know how to get rid of our money. It is that the relevant central departments are delaying payments, which sometimes puts the well-being of large settlements' inhabitants at risk. Apart from this, you have to think about maintaining a balance of goods and money financial balance in the oblast. But, first, it is still simpler for the oblast administration to force the central departments to pay their debts. Second — and this is yet another example of our consensual relations with the center — we are proposing that we should be given state bonds with unconditional repayment within a certain period at a fixed interest rate. What is more these bonds should cover expenditure from the oblast budget in those cases when it has, so to speak, plugged the gaps in the federal budget.

I want to underline once more that everything can be resolved calmly in the course of our work without political hysterics. In the end regional power is exactly the same thing as Russian state power — but at a different level. Separatism inevitably weakens the authorities as a whole, and could result in many misfortunes being visited upon the peoples of our homeland.

[Aleksandrov] I realize that while rejecting separatism and the formation of "republics" you nevertheless staunchly defend an autonomous approach in the resolution of many of the oblast's financial and economic and social problems. This is fair if only because you, as they say, see the issues more clearly here. But things are after all even clearer to the people living in a specific rayon. Isn't this the case?

[Strakhov] Absolutely. Moreover, I have learned the hard way through my limited experience that both strong state power and effective democracy should be built up from below, from local self-government. It is their foundation. It is the cornerstone of a stable state. Unfortunately, we do not as yet have a federal law on local self-government. Yet local self-government takes responsibility for the overwhelming majority of state obligations vis-a-vis our citizens. You see, taking a broad view, the "oblast" is a sort of administrative abstraction. The real environment in which people live is not the oblast, but the city or the village Health care, education, law and order, the provision of services to a territory, and environmental protection are but a few items on the list of the local authorities' concerns. They should first of all strengthen their rights and powers!

The Sverdlovsk Oblast Duma set about hastening the elections of local self-government heads. You know, it sometimes seems to me that elections are held solely for their own sake here. As if in the spirit of the slogan: More elections equals more democracy. If only things

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were so simple.... But who have we undertaken to elect in this case? Is there any legal basis for these elections? After all, we do not even have city charters. In such circumstances, as a result of such elections many leaders will appear here who have absolutely no responsibility either to the people or the state authorities. This is why the oblast administration was forced to get these elections canceled through the courts.

But there is another way of strengthening local self-government which I see as a set of consistent actions. First — there must be a federal law on local self-government. Second — an oblast law drawn up with the involvement of all interested parties on a competitive basis drawing on wide-ranging expert opinion. Third — city and rayon charters. Fourth — a blueprint for oblast regional fiscal policy and draft budget which is comprehensible to every citizen. And finally, elections not of heads of local self- government but of their organs. Only such consistent actions will, in my opinion, lead to a strengthening of the authorities in the provinces.

[Aleksandrov] Aleksey Leonidovich, I would like to put this question to you: As governor are you satisfied with your power?

[Strakhov] There is no sense in fighting with Moscow over power and powers. For goodness sake, why can't you manage with those you have. It is senseless to tack onto the oblast such attributes of statehood as a bicameral parliament, a flag, coat of arms, and other similar political trivia. Only a year ago we proposed that the Oblast Duma examine a draft oblast charter in which there was not a word about a flag or coat of arms, but which clearly set out the oblast authorities' specific duties vis-a-vis the population This was, if you like, a charter to provide for the people's vital needs. Unfortunately, the Duma, which was carried away by its "constitutional work," did not even accept it for scrutiny.

[Aleksandrov] All your arguments indicate that you are essentially an economic manager.

[Strakhov] Maybe. I have always found the field of economics attractive. Nevertheless, I only see economics as a means to an end and not as some higher goal. I regard profits, production volumes, and speed of turnover as instruments for strengthening the state, public security, as a stepping stone to an improved standard of living for the people.

Komi Government Aims For Stable Economy in 1996

MK2807103895 Moscow SEGODNYA in Russian 27 Jul 95 p 3

[Unattributed report]

[FBIS Translated Text] Syktyvkar — The republic's government has produced a forecast for social-economic development in 1996. It was discussed by the Supreme Economic Council under the head of the republic. Based on the discussion results, work has begun on finalizing a document that will become the basis for a draft budget and program for Komi government activity in 1996. The forecast does not simply detail the results expected in a particular sphere, but proposes measures to achieve stability. In the Supreme Economic Council's view, implementation of the measures mapped out will halt the production decline in basic industries and ensure economic stabilization and a socio-economic upturn at the end of this year and in 1996.

Yakutia President Seeks To Extend Term of Office

MK2707124295 Moscow SEGODNYA in Russian 27 Jul 95 p 2

[Report by Oleg Kryuchek: "Yakut President Intends To Extend His Term of Office. Opposition Thinks That 'Life-Time Presidency Is What Mr. Nikolayev Is Only Missing To Rule as a Monarch'"]

[FBIS Translated Text] The Public Consultative Council under the president of Yakutia has recommended that the legislative and executive branches consider the possibility of extending the term of office of the current president of the republic, Mikhail Nikolayev. Should this proposal also, and primarily, gain support among Yakutia's lawmakers, a republic-wide referendum on the people's love for Mr. Nikolayev may be held as soon as this coming December.

It is expected that the Yakut parliament is going to support the Public Consultative Council's appeal because, at a certain time, Mikhail Nikolayev yielded to the deputies' pressure and agreed to hold free elections for heads of rural and urban administrations.

However, the Council also did a disservice to their president by deciding to organize soon the publication of "working people's letters" in support of Mr. Nikolayev in the local media. Members of the local opposition say that "for a monarchical rule, Mikhail Nikolayev lacks only a line in the constitution of the autonomous entity providing for a hereditary presidency." They add ironically that this monarchy may be "with an oriental flavor," considering Yakutia's fabulous mineral wealth.

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Sakhalin Deals With Ammunition Washed Up on Coast

OW2807013595 Yuzhno-Sakhalinsk Teleradiokompaniya Sakhalin Television Network in Russian 0055 GMT 25 Jul 95

[V. Gorbunov report over video recorded 24 July; from the "As of This Hour" newscast of the "Evening Panorama" program]

[FBIS Translated Text] We have already reported that the military dumped ammunition in Aniva Gul. This occurrence now represents a great danger to people vacationing along the coast. A special conference was held at the governor's office on 21 July at which the dangerous situation developing along the coast was discussed. [video shows Sakhalin Oblast Governor Farkhutdinov seated at a table with military and civilian officials] Here is what Anatoliy Bryzkin, chief of a department of the Sakhalin Oblast administrative organs, had to say. [video shows Bryzkin in an office talking to an off-screen reporter]

[Begin recording] [Bryzkin] The conclusions we can make today as a result of an official investigation are as follows: In all likelihood, the captain of the ship which was carrying out the dumping and salvaging of the munitions did not adhere to the dumping zone or the salvaging area and dumped them abeam of Aniva Cape, about 60 miles out. This is why the munitions ended up scattered over Aniva Gulf. The findings of the official investigation have been turned over to the procuracy. Criminal proceedings will definitely be instituted, an investigation will be held, and criminal charges will be pressed against those responsible.

The second conclusion we arrived at was that until a complete investigation has been carried out and a full forecast has been formulated, the dumping and salvaging of munitions will be stopped for the next 10 days. Only after all the necessary documents have been received attesting to the fact that the danger has been alleviated will the dumping of this ammunition be continued.

The question of why this occurred arises. Well, I will not make a big secret of it. The situation in the army today is very complex. This ammunition was made in the forties and fifties, and if it remains in storage areas today it represents an even greater danger to the population than if it is dumped. So the ammunition will definitely be shipped out and dumped, and to be absolutely sure of the safety of these operations, additional investigations will be carried out, as I have told you, and security will be ensured. There is also a possibility that aircraft will be used to investigate the coastline to check on places where ammunition may be washed up. These are the measures decided on by...

[Reporter, interrupting] Are there any plans to explode this ammunition the way it is being done in Moldova today?

[Bryzkin] Well, Moldova is Moldova, while Sakhalin is Sakhalin. This ammunition is being stored in the area of Korsakov. It is practically impossible to carry out explosions in the Korsakov City area. That is why the military chose, in coordination with Goskompriroda [State Committee for the Protection of Nature] and all other interested departments, the safest and most reliable method. If the munition had been dumped in the quadrant of ocean that was selected for this purpose, nothing would have ever happened here. [end recording]

Economic Issues

Yeltsin Decree To Protect Individual Investors

LD2707225595 Moscow ITAR-TASS World Service in Russian 1346 GMT 27 Jul 95

[FBIS Translated Text] Moscow, 27 Jul (BIZNES-TASS) — A decree of the Russian Federation president, "On Additional Measures To Enhance the Effectiveness of Investment Policy in the Russian Federation," is intended to enable every individual and also company in Russia increase their savings, and to clearly set out the rules of the game, BIZNES-TASS was told at the State Property Committee analysis department.

From now on, anyone who wants to make his savings grow is entitled to acquire shares in investment funds. These funds consist of bodies of assets but are not incorporated. Fund managers control assets as trustees, but are not allowed themselves to invest in the funds that they manage. Not even state or local authorities will be exempt from this rule.

An important feature is that under the decree each share will be an inscribed security. This will prevent the speculative frenzy that surrounded certain so-called securities of now-bankrupt investment companies.

The new investment funds radically differ from the previous ones in that they will not pay any dividends or interest on their shares. After handing over their money, it is up to investors to monitor how their chosen funds engage in lawful business to make their money grow. To help them do this, funds will be obliged to submit reports in a clearly-defined form.

Investors will retain full rights over their shares, including to dispose of them, mortgage or bequeath them. If they wish to withdraw their shares, now enhanced in

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value due to the fund's good performance, or alternatively because they doubt the wisdom of staying in the fund, then they can make a withdrawal application, receive their money and quit the game, Committee analysts said in their comments on the presidential decree.

Reportage on Economic Advisor's Press Conference

Money Turnover Must Slow Down

LD2707202995 Moscow INTERFAX in English 1749 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (INTERFAX) — The government and the Central Bank of Russia [CBR] must slow down money turnover as a matter of priority, Russian president's economic aide told journalists at INTERFAX Moscow headquarters Thursday.

He said only concerted crediting and budget policies by the Finance Ministry and the CBR can prevent dramatic jumps and dives of the exchange rate.

Livshits believes that the CBR has a key role to play in maintaining the ruble and that the CBR should use a broader range of tools, in particular, transactions on the secondary securities market and granting collateral loans in addition to conventional hard-currency and ruble interventions.

Asked about nomination of a new CBR chairman, Livshits said that President Boris Yeltsin has a list of possible nominees but has yet to make up his mind. Livshits said Yeltsin will make a decision on the matter by August 2 as required by the Central Bank Act.

Inflation Set To Fall

LD2707203095 Moscow INTERFAX in English 1749 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (INTERFAX) — Inflation will go down to 5.5 percent in July and to around 4 percent in August, the Russian president's economic adviser, Aleksandr Livshits, announced at a news conference at the INTERFAX central office in Moscow Thursday.

He added that part of the population's ruble savings has already been absorbed by the consumer market and that unless the Russian Central Bank and the government take very serious steps to attract rubles from the market place, an increase in the amount of money in circulation could send inflation up by autumn.

Livshits admitted that June's inflation, 6.7 percent, was one of the worst in the CIS. He said that this phenomenon was attributable to factors that were not on the macroeconomic level, such as the difference between world and domestic prices, fuel prices, transport tariffs and other factors.

Duma Official Promises Reforms Will Lead to Tax Cuts

LD2707112095 Moscow INTERFAX in English 1011 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (FIA-INTERFAX) — The reform of the tax system, to begin in 1996, will cut taxes by at least 10% for the profits of Russian producers. This statement was made for the Financial Information Agency, a division of INTERFAX, by head of the Russian State Duma, or lower house of parliament, budget and financial committee, Mikhail Zadornov.

He said that there would be a sharp reduction in the number of federal taxes and the local authorities will have limited possibilities for introducing their own taxes and dues. Zadornov believes that the annulment of the tax on excess payroll and the special tax, which will "cost the budget 25 trillion rubles," will be an important change in 1996.

Zadornov believes, nevertheless, that "the lawmakers will manage to persuade the government that the reduction in the number of taxes and the strict restriction on local tax rates will make it possible to collect all the taxes."

Zadornov believes that "due to an imperfect and overloaded tax system it is impossible to achieve efficient control over the collection of taxes." According to Minfin, the enterprises owe the budget approximately 20 trillion rubles as of June 1, 1995.

Duma to American Trade Chamber: No Radical Changes

MK2707133695 Moscow KOMMERSANT-DAILY in Russian 27 Jul 95 p 3

[Report by Andrey Bagrov: "Mikhail Zadornov in American Trade Chamber. Committee Chairman's Optimism Causes Surprise"]

[FBIS Translated Text] Despite the obvious disappointment experienced by members of the mass media, what Mikhail Zadornov, Duma Budget and Finance Committee chairman, said before members of the American Trade Chamber in Moscow could not have passed unnoticed. The burgeoning American business community in Russia that was eager to hear an assessment of the prospects of the economic policy in our country did hear this assessment. As for the Russian participants in the meeting, it struck them for its optimism, however.

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Let us not reserve it for the end of the story and reproduce it as closely to the original as possible: "I dare to state that, in the wake of the parliamentary and presidential elections, the economic and political situation in the country is not going to radically change." To hear Zadornov say it, even the radical parliamentary opposition in the shape of the Communist and Agrarian parties are making statements to the effect that should these parties come to power, such fundamental economic conditions as property relations will not be revised.

Let this faith in words given by the Communists and their closest ideological allies rest on the conscience of the committee chairman. Not being so optimistic, KOMMERSANT-DAILY experts will let the immediate future test the truth of these statements: Most probably, the results of the elections will provide an opportunity to test how firm is the word given by the left-wing in parliament. Let us turn to Mikhail Zadornov's other upbeat statement. According to him, a situation may take shape in Russia in early- or mid-1996 in which there will simultaneously materialize "four vital conditions for an inflow of investments." Here they are: political stability, market legislation, macroeconomic stabilization (inflation running at 3 to 4 percent a month), and...a solution to the problem of combating the criminalization of the economy and political life.

But then no one, not even an optimist, can reject the realities of Russian life. A little later, Zadornov admitted that the Duma's remaining months will be mostly devoted to the election campaign, which from our point of view calls into question the observance of the second condition for the growth of investment activism.

That was the only new thing in his address. The greater part of those gathered grew obviously weary hearing the lengthy and rather technical analysis of the law on the framework of the tax system made by the Duma committee chairman. Considering the fact that KOMMERSANT-DAILY had written about this law in exceptional detail, its novelty for participants in the gathering varied considerably. That our publications generate close attention in the American Trade Chamber in Moscow is seen both in the number of references to them in conversations between participants in the meeting and the frank regret they voiced to your KOMMERSANT-DAILY correspondent regarding the technical break the newspaper is taking next week.

Dependence on Imported Consumer Goods Increasing

MM2707135795 Moscow KRASNAYA ZVEZDA in Russian 27 Jul 95 p 1

[Unattributed report from the "Own Information" column, under the "From the Russian Federation Ministry of the Economy" rubric: "I'd Like a Hat and Coat!"]

[FBIS Translated Text] According to Economy Ministry statistics, in the first six months of the current year, the production of consumer goods in Russia fell by 13 percent in comparison with the same period in 1994. This is approximately four times as great as the indicator for the decline in industrial production as a whole. The monthly production of consumer goods this June was 10 percent less than last June, that is to say, so far it is not proving possible to halt the slump.

According to figures from the Russian Government Center for the Economic Situation, in the first six months of the year the production of fabrics, suits, hose, socks, and footwear fell by 31-40 percent and the production of coats and chromium and leather goods by 41-45 percent. Production of knitwear saw an especially pronounced decline — by more than half! As a result, specialists conclude, the consumer market's dependence on importing goods in mass demand is increasing.

Official Says Budget Parameters To Be Upheld

LD2707212695 Moscow INTERFAX in English 1812 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, Jul 27 (FIA-INTERFAX) — The Russian government will stand by the 1996 budget parameters laid out in the Russian president's budget proposals, presidential aide on economics, Aleksandr Livshits, told the INTERFAX Financial Information Agency during his visit to the INTERFAX central office in Moscow Thursday.

According to Livshits, "foremost, this means keeping monthly inflation below 2%, halving social spending, sharply boosting expenditures on investment programs by several dozens of trillions of rubles, and by canceling the tax on 'oversize salaries' along with the special tax in 1996."

The finalized budget proposals will soon be approved at a government sitting and submitted for State Duma ratification.

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Cash Shortage Threatens Government's 1996 Budget

MM2807122395 Moscow KOMSOMOLSKAYA PRAVDA in Russian 28 Jul-2 Aug 95 p 2

[Report by Aleksandr Lyasko: "Ministry Cuts Everyone Off, Now Deputies Will Cut Off Finance Ministry"]

[FBIS Translated Text] Before the parliamentary recess the government submitted the first version of next year's budget to the Duma. Expenditure once again exceeds revenue. This time by 85 trillion rubles [R], which is nonetheless 25 percent down on the current deficit.

Initially various ministries were intending to get the state to shell out R1,000 trillion for their needs. But in the budget haggling process, the Finance Ministry took an ax to the departments' appetites. Thus, the Defense Ministry had its spending cut by half, and only a quarter of the initial sum was sent to the Duma for ratification.

The guidelines laid down for the '96 budget are simply fantastic. For instance, Finance Minister Panskov assures us that price growth will average just 2 percent a month. Excuse me, but what about winter inflation — which is predicted to hit 15 percent? We are thinking of asking foreign countries for some $8 billion. But back in May the IMF turned down our delegation's request. They said we could have $6 billion in 1995 and that would be it.

The prediction of the dollar rate for next year — R5,200 — looks pretty strange. This is especially strange since the government would like to sell Western loans at R6-7,000 to the dollar to cover the deficit.

The Finance Ministry is also boasting that spending on schools and medicine will increase by just 1 percent, and spending on pensions by just 4 percent. The pensions idea is a good one, but since the July increase there have been delays in paying them to old people — there is a shortage of cash in some places. And no particular growth in the Pensions Fund is expected next year.

As for the money to improve our health, the government cut the Ministry of Health's application by more than half. It cut the money requested for education by almost threefold. The share of education, culture, and health in overall spending will fall notably compared with this year. It is worth reminding any of our readers who are teachers or doctors of this fact.

All other spending applications have also been mercilessly cut. Plants and pits will receive half of what they requested. The agriculture request has been cut fivefold. By about as much as was spent on spring sowing this year.

Lobbyists will now be campaigning desperately to get a bigger slice of the budget pie for their offended departments. Incidentally, the battle will be about money which will definitely not be paid in full. The country's expenditure plan for this year is on its last legs, and wage backlogs alone amount to more than R6 trillion. Whatever budget the deputies may pass, its execution will probably fail as a result of the chronic lack of money in the treasury due to the production standstill, uncollected taxes, and domestic debts.

Tatarstan Surpasses Half-Year Revenue Targets

MK2807114295 Moscow SEGODNYA in Russian 27 Jul 95 p 3

[Unattributed report]

[FBIS Translated Text] Kazan — The republic budget revenue targets for the first half of the current year have been met by 105 percent, reaching 1.24 trillion rubles [R] and exceeding expenditures by R0.03 trillion. This was announced by Farid Mukhametshin, Tataria Finance Minister. According to him, the republic budget revenues for 1995 were approved at R2.7 trillion and expenditures at approximately R3 trillion. The main sources of replenishing the state treasury have been revenues from the value-added tax (30 percent), excise duties (23.4 percent), the profit tax (17.5 percent), and also receipts from the placing of republic promissory notes and enterprise mutual debt clearing (22 percent).

Oil Firms Plan Financial-Industrial Group

954F2899A Kazan RESPUBLIKA TATARSTAN in Russian 25 Jul 95 p 1

[Article by Yelena Taran, under the "Reporting Details" rubric: "A 'Marriage Contract' With Slavneft"]

[FBIS Translated Text] By the end of the visit to Tatarstan of Anatoliy Fomin, first deputy minister of fuel and power generation industry of Russia [Mintopenergo], everything had fallen into place. As it turned out, Anatoliy Vasilyevich represented at the negotiations not only the interests of Mintopenergo, but also those of the Slavneftoil company, where he is chairman of the board of directors.

In the course of his meetings with the president and top government officials of the Republic of Tatarstan [RT], as well as the top management of AO [joint-stock company] Tatarneft, an agreement was reached to create a huge financial-industrial group, which will be founded in equal proportion by the AO Tatneftekhiminvestholding and the Slavneft oil company. The financial-industrial group will be registered in Kazan, and the central office is envisaged to be in Moscow.

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The scale of the planned group is indicated, among other things, by the fact that the planned volume of oil produced by enterprises under its umbrella will be more than 50 million tonnes. This is more than the oil production output in the famous Russian company LUKoil.

According to Anatoliy Fomin, the future company (which does not yet have a name, despite the project having been under discussion for a year and a half) will incorporate Slavneft enterprises (which includes the Yaroslavl and Mozyr (Belarus) oil refineries [NPZ], as well as the Megionneftegaz and Megiongeologiya associations) and the AO Tatneftekhiminvestholding. It is also envisaged to bring into this project Tatarstan's machine-building enterprises manufacturing products for the petrochemical industry. The Kazan compressor plant, PO [industrial association] Imeni Gorkogo Plant, and AO Vacuummash have the best chances of becoming a permanent part of the company. Other contenders were not openly mentioned, although there are quite a few of them. Two banks (it was not revealed which specifically) will necessarily participate in the project: The new company will need their services to speed up payments—clearing will have to be conducted, among other things, with CIS countries—and assure concentration of finances.

Anatoliy Fomin said that in the near future it is envisaged to expand the number of Slavneft participants by bringing in Belarusian enterprises. In addition to the Mozyr NPZ, the company will include Belarusneft and a number of republic enterprises producing petroleum products. A draft edict has already been prepared on the subject for the Belarusian president. However, according to Anatoliy Vasilyevich, an addition meeting with A. Lukashenka will be needed in order to reconcile the interests of three parties—Russia, Belarus, and Tatarstan.

Speaking of the principles of forming the new financial-industrial group, RT First Deputy Prime Minister Ravil Muratov emphasized that, first, it will be formed on the principle of parity: Each participant (Slavneft and Tatneftekhiminvestholding) will contribute 50 percent of the charter capital. Most likely, each share will be formalized in the form of stock.

Second, the company's operations tilt somewhat toward petrochemistry (this was a conscious choice on the part of the organizers), to utilize the unused capacities of, for instance, the AO Nizhnekamskneftekhim. According to R. Muratov, synthetic rubber production operated at 40 percent capacity (and this is at a time of high demand for this product in the world market). Polyethylene production is running at 100,000 tonnes below capacity. On top of this, the design envisages additional capacities being put on line....

As the project initiators see it, the financial-industrial group will permit a concentration of resources and allow them to be directed into petrochemical enterprises (where maximum profit can be earned). Once the company "builds up some muscle" and earns enough capital, it can be invested in oil production, where investment takes longer to pay off.

Answering journalists' questions as to why Tatneftekhiminvestholding chose Slavneft, AO Tatneft general director R. Galeyev remarked that Tatarstan's oil producers have long sought contacts with the Mozyr NPZ and have met with the prime minister of Belarus. Now these plans are being implemented through the creation of a financial-industrial group.

Journalists could not refrain from asking a sarcastic question: Will there be enough oil in the republic for all the already created and future financial-industrial groups: UkrTatnafta, MosTatnafta, Volga-Oil—and the new company (a huge one at that) without a name? According to R. Galeyev, Tatneft has stabilized the level of oil production for the first time in 19 years. According to forecasts, this year the oil industry will produce additionally 2 million tonnes of oil and will reach the 20 million tonne mark. Apparently, there should be enough oil—otherwise, what is the point of starting it all?

Summing up the conversation, R. Muratov noted that the republic's policy with respect to property has proved completely correct. Had Tatarstan followed the commonly accepted scheme, there would be no possibility today of forming such large financial-industrial groups with the participation of RT enterprises. Their stock would have dissolved in the economic space. Instead, the republic today has its own face in the oil market.

Chernomyrdin Decree on Support for Agriculture

MM2807102895 Moscow ROSSIYSKAYA GAZETA (Documents Section) in Russian 27 Jul 95 p 4

[Decree No. 734 of the Russian Federation Government "On Urgent Measures of State Support for Agricultural Production in 1995," dated Moscow, 19 July and signed by Viktor Chernomyrdin, chairman of the Russian Federation Government, under the heading: "Support for the Countryside"]

[FBIS Translated Text] For the purposes of overcoming the negative consequences occasioned in agricultural production in 1995 by the drought and by other unfavorable weather and climatic phenomena in a number of parts of the country, the Russian Federation Government decrees the following:

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1. Before 1 October 1995 the Russian Federation Ministry of Finance is to fund expenditure on agricultural production out of the federal budget to the tune of at least 6 trillion rubles [R] in accordance with the areas of use of funds agreed with the Russian Federation Ministry of Agriculture and Food.

2. The Russian Federation Ministry of Finance and the Russian Federation Ministry of Agriculture and Food are to:

— allocate on preferential terms R200 billion for the acquisition of spare parts and other material resources and for their delivery to agricultural commodity producers for the repair of harvest equipment out of the funds provided for in the federal budget for 1995 for the formation of the state leasing fund, with repayment of these funds before 15 October 1995, as well as R200 billion to pay for the harvest equipment supplied on leasing terms;

— channel R25 billion in the third quarter of 1995 into assisting agricultural commodity producers to eliminate the consequences of the drought and other unfavorable weather and climatic phenomena out of the federal budget funds envisaged to compensate for part of the insurance payments in 1995.

3. The Russian Federation Ministry of Finance, the Russian Federation Ministry of Agriculture and Food, and the Federal Food Corporation under the Russian Federation Ministry of Agriculture and Food are to ensure repayment of the funds issued from the federal budget in 1993-1994 to the federal food funds for the purchase of agricultural produce and [repayment] of the interest on them according to the schedules provided for in agreements with borrowers of federal budget funds and to ensure that the said funds are channeled into paying for agricultural produce, raw materials, and food supplied to the federal food funds in 1995 (in accordance with contracts for the supply of produce).

4. The measures of state support for agricultural commodity producers out of budget funds provided for in Point 3 of the Russian Federation Council of Ministers-Government Decree No. 1186 of 18 November 1993 "On Measures of State Support for the Agro-Industrial Complex in 1993-1994" (Collection of Russian Federation Presidential and Government Acts, 1993, No. 48, p 4651) are to be preserved in the second half of 1995 and the first half of 1996 for farms that have suffered in 1995 from the drought and other natural disasters.

The Russian Federation Ministry of Finance and the Russian Federation Ministry of Agriculture and Food are to find sources to cover 50 percent of the cost of transporting feed from other farms in 1995 out of the funds envisaged for financing agricultural production.

5. The Russian Federation Ministry of the Economy, the Russian Federation Ministry of Railroads, the Russian Federation Ministry of Agriculture and Food, and the Russian Federation Ministry of Finances must establish and approve within 10 days the procedure for applying preferential railroad tariffs at the rate of 50 percent of the rates existing for seasonal shipments of vegetables, melons, and potatoes produced in the Russian Federation and also for interregional shipments of winter crop seeds used for sowing the 1994 harvest taking into account the relevant change in rates for shipments of nonagricultural freight.

6. The Federal Energy Commission is asked to establish for the regional energy commissions preferential rates of no more than 50 percent of existing rates for electricity used by state enterprises for the operation of interfarm land reclamation systems and by agricultural commodity producers when irrigating agricultural crops and carrying out drainage and also when processing grain after harvesting with the relevant changes to the tariffs for electricity consumed by nonagricultural consumers.

7. The operation of point 15 of the Russian Federation Government 10 March 1995 decree no. 240 "on the economic conditions for the functioning of the Russian Federation agro-industrial complex in 1995" (Collected Legislation of the Russian Federation 1995. No. 12, p 1054) should be extended to sugar refineries as regards the delivery on commodity credit terms of the fuel oil used when processing the sugar beet of the 1995 harvest within the limits of the sums determined by commodity credit agreements.

8. The proposal of the Russian Federation Ministry of Agriculture and Food and the Amur Oblast administration on the payment beginning in 1995, using from the targeted fund for financial support for agriculture, of subsidies for soybeans produced by Russian agricultural enterprises and peasant (private) farms and sold on the Russian Federation domestic market should be approved, allocating R70 billion for the purpose in 1995.

9. The Russian Federation Ministry of Finances and the Russian Federation Ministry of Agriculture and Food must prepare within the established procedure a proposal to grant in 1996-2000 to viticultural and wine making concerns, agricultural firms and enterprises of the Republic of Dagestan, the Republic of North Ossetia, Krasnodar and Stavropol Krays, and Rostov Oblast the right to keep 50 percent of the sum of the excise duty on wine made from grapes, sparkling

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wine, and cognac, allocating it too the development of viticulture.

10. It is recommended that the organs of executive power of the Russian Federation components:

— render support to agricultural commodity producers through the relevant budgets to ensure the maximum possible production of output and its delivery to federal and regional food stocks;

— mobilize where necessary manpower and material and technical resources of enterprises and organizations on the relevant territories for the timely bringing in and conservation of the harvest;

— provide for the earmarking of the necessary funds from the budgets for the purchase forage grain by poultry factories and stockraising complexes to be paid for with the output of livestock raising delivered to the federal and regional food stocks;

— render support to consumer cooperative organizations in providing the population with the necessary goods and services, making purchases of agricultural output and raw material, providing for these purposes for the earmarking of the necessary loans from the relevant budgets;

— pay subsidies for livestock raising output from regional budgets for all output purchased irrespective of its consumers.

11. The Russian Federation components' organs of executive power must repeal all previously adopted decisions restricting interregional movements of agricultural output, raw material, and food.

The Russian Federation Ministry of Agriculture and Food, the Russian Federation State Tax Service, and the Russian Federation Ministry of Finances by agreement with other concerned federal organs of executive power and organs of executive power of the Russian Federation components must submit to the Russian Federation Government within a month proposals for the introduction of sanctions for violating the unity of the economic area in the Russian Federation.

PM Denies Future Grain Imports; Sets Cost Per KG

LD2707180495 Moscow INTERFAX in English 1501 GMT 27 Jul 95

[FBIS Transcribed Text] KRASNODAR, July 27 (INTERFAX) — Russia will not import grain from abroad this year and prices on domestic grain are expected to reach 600-650 rubles per kilogram, Russian Deputy Prime Minister Aleksandr Zaveryukha told a news conference in Krasnodar Thursday after a working trip to the Kuban region.

Zaveryukha said the government's agricultural policy is guided by resisting "imported food intervention" and by support for domestic producers.

Zaveryukha characterized the present situation in agriculture as difficult in light of the country's food reserves being "at a level below which it is dangerous to go."

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International Affairs

Joint Exercises With U.S. Marines Previewed

AU2707165195 Kiev HOLOS UKRAYINY in Ukrainian 26 Jul 95 p 5

["Express Interview" with Colonel Serhiy Ichenskyy, chief of Ukraine's Defense Ministry Press Service, by HOLOS UKRAYINY correspondent Valeriy Druzhenko on 26 Jul; place not given: "Ukraine and the United States Will Wage War. On Training Grounds"]

[FBIS Translated Text] Today [26 July], joint Ukrainian-U.S. Marines' exercises started in the vicinity of Shyrokyy Lan Village near Nikolayev. They will continue for four days. HOLOS UKRAYINY correspondent Valeriy Druzhenko asked Colonel Serhiy Ichenskyy, chief of Ukraine's Defense Ministry Press Service, to comment on the event.

[Ichenskyy] The exercises will be conducted within the framework of the "Partnership for Peace" Program. On each side, 160 servicemen will participate. On Saturday [22 July], the U.S. Navy amphibious warfare ship Pensacola dropped anchor in Sevastopol. For two days, it will be open to visitors. After the Pensacola unloaded, the U.S. Marines headed for Shyrokyy Lan on ground vehicles. On the Ukrainian side, Rear Admiral Mykola Kostrov, deputy commander of the Ukrainian Navy, will command the exercises.

During the exercises, the sides, after exchanging weapons, will conduct engineering and military medical training and will practice shooting and assault landing from helicopters. Repulsing attacks of imaginary extremist groups will become the highlight of the exercises. In September, Ukrainian-U.S. exercises will be held on U.S. territory.

Kuchma Arrives in Azerbaijan for 2-Day Visit

LD2707113895 Kiev UNIAN in Ukrainian 1000 GMT 27 Jul 95

[FBIS Translated Text] Baku — On 27 July Ukrainian President Leonid Kuchma arrived on a two-day official visit to the Republic of Azerbaijan. Prior to his departure Kuchma told journalists that Ukraine was interested, first and foremost, in Azerbaijan's oil extracting industry. Leonid Kuchma also said: "Kiev praises the fact that there are many personal views among the republic's leadership on what is happening, particularly, in the CIS countries."

During the visit it is planned to sign a number of interstate documents, in particular, agreements on free trade, on trade and economic cooperation for 1995, on air communications and a protocol between the governments of Ukraine and the Republic of Azerbaijan on the opening of embassies.

It is expected that the talks between President Leonid Kuchma and Geydar Aliyev will result in the signing of a joint communique.

As UNIAN learned from Ukraine's Foreign Ministry, Azerbaijan is interested in using Ukraine as a base to market its products and pump crude oil and petroleum products to markets in Central and Western Europe.

For its part, Ukraine can offer cooperation in the joint development of both oil deposits in the Caspian Sea and oil and gas deposits on the continental shelf of the Black Sea and the Sea of Azov.

Marchuk Emphasizes Russian-Ukrainian Relations

LD2707171795 Kiev UNIAN in Ukrainian 1530 GMT 27 Jul 95

[FBIS Translated Text] Kiev — Relations with Russia should be paid much attention, Ukrainian Prime Minister Yevhen Marchuk told a news conference at the Cabinet of Ministers of Ukraine today. He added that, as of 1 July, there were more than 50 interstate and intergovernmental economic accords between Ukraine and Russia.

Yevhen Marchuk revealed that the share of Russian exports in Ukraine's external trade goods turnover was 42 percent and imports 47 percent, with Ukrainian exports to Russia in the first quarter of 1995 accounting for over 70 percent and imports 85 percent of the total.

Yevhen Marchuk said that Ukraine took most interest in Russia's energy resources, nonferrous metals, timber, and light industry raw materials. At present, Ukraine imports from Russia and in part from other CIS countries, 90 percent of petroleum products, 60 percent of timber, 60 percent of gas, and 70 percent of machine-building components.

This, the prime minister said, proves that Russia is Ukraine's strategic partner.

Joint Commission To Finalize Draft Black Sea Accords

LD2707213795 Moscow INTERFAX in English 1755 GMT 27 Jul 95

[FBIS Transcribed Text] KIEV, July 27 (INTERFAX-UKRAINE) — A Russian-Ukrainian commission will begin finalizing two draft agreements for dividing up the former Soviet Black Sea Fleet and on the status of the Russian Black Sea Fleet in Ukraine.

Ukrainian Prime Minister Yevheniy Marchuk told a news conference in Kiev Thursday [27 July] that the

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commission was being created in line with the Sochi agreements.

"Probably, we will determine what can be signed and what to initial out of that which the commission prepares for us by August 2," he added.

Another round of bilateral talks on the Black Sea Fleet was held in Moscow on July 26. The two countries' prime ministers agreed to meet again on August 2 to continue the discussion.

Marchuk pointed to certain progress at the talks, saying a number of "serious issues" remained unsettled.

For instance, the talks failed to discuss Russia leasing the naval base in Sevastopol. However, Marchuk supported a long-term lease which would allow to create conditions for developing infrastructure at the leased installations.

Marchuk said Ukraine insisted on Russia pulling out Black Sea Fleet coastal units from Crimea.

"The issue of them must be solved by November 15 in accordance with the Paris treaty on conventional arms limitations in Europe," he said.

Article Reviews Border Dispute With Moldova

WS2707140195 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 22 Jul 95 pp 1,4

[Article by Mykhaylo Romantsov: "Moldova, Too, Needs Our Land— to Build a Port on It"]

[FBIS Translated Text] **It seems that Rapa Nui and Burkina Faso, too, may soon lay territorial claims to Ukraine. Since Russian national patriots have not abandoned their hopes to capture Crimea, and apologists of "Greater Romania" are loudly speaking about annexation of Bukovina, why should our other neighbor — Moldova — not hanker after a plot of Ukrainian land, small though it may be, thus opening brilliant prospects for the future? The talk is about certain Moldovan politicians's claims to a part of the Danube shores belonging to Ukraine on which they are going to build a port. In the wings of a recent meeting of the Ukrainian-Moldovan Commission for Delimitation of State Border, even a specific date for the beginning of construction was voiced — this September. Everything was done without coordination with the Ukrainian side, as if the deal was already in the bag.**

The Ukrainian-Moldovan Commission for Delimitation (legal definition) of the State Border held its first meeting in Mohyliv-Podilskyy. Leonid Osavolyuk, deputy chairman of the Ukrainian delegation, said that the work on delimitation will start with a legal definition of the most difficult part of the border — the mouth of the Danube — with regard controversy exists. Namely in this place, in the vicinity of the Moldovan city of Dzhordzhuleshty [name as transliterated), Moldova is going to begin building a new port, without coordinating with our side.

Asked by our newspaper for comments, Colonel General Viktor Bannykh, commander of the Ukrainian Border Troops, said that Leonid Osavolyuk had no right to draw such conclusions, since Moldova has not yet officially announced it is going to construct a port on the Danube. And this cannot be done without coordination with Ukraine, since Moldova has no access to the Danube according to the current agreements: The river's mouth exclusively belongs to our country. Nevertheless, such an idea exists, and the Moldovan side has conducted appropriate construction design study, according to information received.

Leonid Osavolyuk, in turn, noted that the issue of Moldova's access to the Danube remains contradictory. The edict on demarcation of the border between the Ukrainian SSR and Moldovan SSR issued by the USSR Supreme Soviet Presidium in 1940 is the only normative act on which the delimitation process could be based. The edict unequivocally says that the mouth of the Danube is Ukrainian territory. Meanwhile, the Moldovan side believes that is has a 100- meter land plot on the Danube shores (it is interesting how one can built a port on such a chunk of land).

During a visit to Moldova by former President Leonid Kravchuk, the issue of allotting a 1,000-meter-long land plot on the Danube shores was raised. No decision was made at that time, however. And suddenly the issue has again become the center of attention for Moldovan politicians.

There is no doubt that the constructing its own port on the Danube is a strategic task for Moldova, in terms of both defense capabilities and economic profits: It can become a large transshipping base between the Danube countries and the countries from the Black and Mediterranean Seas region. This is why a popular song about the Danube is currently being sung in a new version: "Danube, Danube do you know to whom this hill belongs?"

Incidentally, this is not the only difficult issue in Ukrainian- Moldovan negotiations. According to Leonid Zheleznyak, delegation member and Ukrainian national railroad company director, there are currently 19 railroad stations in Ukraine which belong to the Moldovan national railroad company, and the total length of rails between them amounts to 171 km. Eleven of them

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are located in Odessa Oblast, and eight are in Chernihiv Oblast. And despite the fact that, according to Leonid Zheleznyak, both countries' railroad companies are ready to resolve this problem in a civilized manner, the Moldovan side has refused to make any specific decisions this time.

The problem arose in 1979, when certain stations along the Odessa-Chisinau route were handed over to the Moldovan railroad company. And since the contour of the border resembles a saw here, literally every second station ended up either in Ukraine or Moldova. While this administrative division was insignificant at that time, it may now become a stumbling block. The border, after all, sometimes runs across a station, as is the case with the Bessarabian station: The rails are on the Moldovan side, but the depot and personnel facilities are on the Ukrainian side.

Meanwhile, Ukrainian citizens, according to Volodymyr Sedlyar, deputy chief of the Ukrainian railroad company passenger department, have to pay for tickets at Moldovan stations 1.5 times as much as at Ukrainian ones. Since the process of delimitation and demarcation (affiliation to a populated area) may last several years due to its difficult nature, as Viktor Bannykh noted, our people may travel according to the "1.5" tariff for a long time. After all, a Moldovan option, according to which the division of property will only be conducted after delimitation and demarcation of the state border, was adopted at intergovernmental talks held last year.

Ambassador: Poor Trade With Japan 'Largely Our Fault'

AU2707123895 Kiev HOLOS UKRAYINY in Ukrainian 25 Jul 95 p 4

[Interview with Mykhaylo Pavlovych Dashkevych, Ukraine's ambassador in Japan, by Natalya Filipchuk; place and date not given: "I Myself Will Train One Japan Expert"]

[FBIS Translated Text] *It takes just a few minutes to get through to Japan through communication satellites. It is a pity that passengers cannot yet go there on the spacecraft. In principle, owing to visa-free travel regulations for CIS citizens, one can first go to Moscow and there book a flight to Japan. Things are more difficult for Japanese citizens. To get to Ukraine, they must obtain a Russian transit visa, which, incidentally, costs $60, and spend even more precious time on these procedures. Japanese entrepreneurs, even though they are energetic people, do not like roundabout routes. So contacts are being established by telephone.*

Fortunately, the Moscow detour has not discouraged Ukraine's ambassador to Japan Mykhaylo Dashkevych. The HOLOS UKRAYINY correspondent, having taken advantage of his arrival in Kiev, hastened to interview him.

[Filipchuk] Mykhaylo Pavlovych, life often offers us premonitions. When some event occurs, we tend to look back to the past and say: This is what was meant to happen. Did you ever anticipate that you would become Ukraine's first ambassador to Japan?

[Dashkevych] I never even dreamed of this, even though every diplomat dreams of rising to a higher level. I previously headed the First Territorial Administration at Ukraine's Ministry of Foreign Affairs that dealt with Far Eastern countries, and therefore I had a little knowledge of Japan....

It is always difficult to be a pathfinder, particularly in Japan. A different culture and different mentality. Today, there are only two CIS missions in Tokyo — of Ukraine and of Russia. A Belarusian Embassy will open there in the near future....

[Filipchuk] It would seem that all states are interested in cooperating with such a rich country as Japan.

[Dashkevych] Right, but not all of them have sufficient funds for that. A square meter in the center of Tokyo costs 40 times that on the Champs Elysees [in Paris]. Besides, there is a shortage of Japan specialists, who have not only mastered this complicated language, but are also familiar with the country's problems (I can boast of being able to train one such Japan expert for Ukraine: I deliberately sent my little grandson to a Japanese school, and he already speaks decent Japanese). We need specialists already now. Not only is Japan an advanced country, but it is also a member of the G-7, whose influence upon international policy is indisputable.

[Filipchuk] People say that, after the Ukrainian president's visit to Japan, there has been a breakthrough in relations between our countries and that Japanese businessmen simply cannot wait to start cooperating with us. It this the case?

[Dashkevych] A week prior to my arrival in Ukraine, the president of a reputable Japanese firm visited our embassy and proposed that an information center for Ukrainian firms and enterprises be created there free of charge (!). We also received proposals from such giants as Mitsubishi, Mitsushi, and Sumito.... They are ready to cooperate with us. At the end of July, a group of Ukrainian experts will fly to Japan to study prospects for cooperation. The Japanese are looking for partners in more than 10 branches of Ukrainian industry. They are also ready to take part in conversion processes.

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[Filipchuk] Therefore, there are no problems?

[Dashkevych] Countless. The main one is our unstable legislation. Unfortunately, it is now risky to invest in Ukraine. Even though those who risk nothing, gain nothing. To recall history, in the times of the USSR, the commodity turnover between the states reached $5 billion, and Ukraine accounted for 20 percent of it. Last year, the commodity turnover between Ukraine and Japan was just $60 million, and this is largely our fault. For example, I learned with regret that no trade mission will be opened this year at the embassy. This means more wasted opportunities. The absence of direct flights, which will start this year, has also played a role. If somebody really wants to get to Ukraine, he will certainly do this, but our country's image suffers.

[Filipchuk] Mr. Mykhaylo, one last question. Japan promised us $200 million in credits. When will this money arrive in Ukraine?

[Dashkevych] Japan does not go back on its promises. As soon as all the formalities are fulfilled, the money will be transferred.

National Affairs

Black Sea Fleet Commander Disbands Units

LD2707135995 Moscow INTERFAX in English 1011 GMT 27 Jul 95

[FBIS Transcribed Text] SEVASTOPOL, July 27 (INTERFAX) — INTERFAX has learnt from the sources close to the Black Sea Fleet headquarters, chief commander of the Black Sea Fleet issued a secret order to disband the crews of two ships, one plane squadron and other units of the Donuzlav garrison (the Crimea).

He also ordered that the Black Sea Fleet leadership hand over to the Ukrainian Navy administrative premises, barracks, and other facilities of the Donuzlav airport.

Military experts in an interview with INTERFAX said that this actually means the handover of the Donuzlav base to the Ukrainian Naval Forces.

Earlier similar orders were issued for the handover to the Ukrainian navy of the naval bases in Balaklava (suburb of Sevastopol, the Crimea) and Izmail.

Earlier during the talks with Ukraine Russia proposed that Donuzlav be an alternative to Sevastopol to locate there the Ukrainian naval headquarters.

The Donuzlav base is one of the most modern bases of the Black Sea Fleet. It was built in the mid-1970s and at present is the reserve command point of the Black Sea Fleet's staff. Its personnel amounts to 12,000 servicemen, and civilian workers. The base is under command of Vice-Admiral Alexander Tsubin.

Civilian Defense Minister Difficulties Viewed

MM2807091995 Moscow IZVESTIYA in Russian 27 Jul 95 p 2

[Report by Yanina Sokolovskaya: "Civilian Defense Minister Does Not Like Ukrainian Hetmans or the Corrupt Military Leaders"]

[FBIS Translated Text] Kiev — Ukraine, unlike Russia, has made a breakthrough in the field of defense: In July, the Ministry of Defense acquired a new chief, the 49-year-old Valeriy Shmarov, previously director of Zhulyanskiy Machine Building Plant and deputy general director of the National Space Agency.

This is the second time that Valeriy Nikolayevich has occupied the top post in the Ukrainian defense department — in the old government he combined this post with the post of vice premier for questions of the military-industrial complex. The country's leadership was thus hoping to achieve mutual understanding between these two "irreconcilable sectors." But in fact this did not happen: Shmarov's powers were cut down and he was instructed to concentrate in more detail on army problems.

Rumors are going around that Shmarov has the extremely patriotically inclined parliamentarians to thank for his removal from the post of vice premier; they discovered to their indignation that Shmarov had disrespectfully removed the portraits of Ukrainian hetmans from the General Staff walls....

The military leaders were appalled when Shmarov started removing generals from their posts for completely insignificant faults like using an enlisted work force in their dacha plots.

The military cried out in protest: A man who has no idea how deep to dig trenches and how to start up a tank cannot be in charge of the army. Serious charges were leveled at Shmarov: It was said that he had thoughtlessly cut back the Army, that the money allocated to the Armed Forces was not being spent properly, and that the promised reorganization of the Army command had not in effect begun.

Valeriy Nikolayevich reacted stoically to these attacks, assuring people: "My task is to create a system of civilian control over the Armed Forces."

I was told by eyewitnesses that during his time as vice premier Shmarov directed the Army in a somewhat unique fashion: He turned up at the ministry a couple of times a week, reprimanded the generals, and "spent a long time bawling them out."

At first General Staff officials accustomed themselves in silence to the new pace of work. They hoped that

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the separation of ministry and General Staff functions promised by Shmarov was about to take place.

But Shmarov, who does not think with military refinement, acted like a real strategist: None of the countless plans for the separation of powers between the branches of the army authorities won his approval. The plans are "under consideration." I was told by informed people that Colonel General Lopata, who even tried during several General Staff sessions to oppose Shmarov, is extremely unhappy with what is going on.

Valeriy Shmarov is trying not to show the public that there is a lack of understanding between him and the military "pros." He even tried to become assimilated among them — he developed a commanding voice and is no longer embarrassed when he reviews parades and does not dream of the president giving him shoulder straps. Carrying out orders he "goes to the gym three times a week" since a "military man should be strong, fit, and smart."

But in his work, and this evidently irritates officers, he remains the leader of the military-industrial complex. "In a normal state military equipment and arms must be manufactured. There should be no wholesale conversion...."

Shmarov takes a calm view of the difficulties arising for a civilian in the Army: He is conscious of the president's support.

Kuchma Makes New Ministerial Appointments

LD2707214995 Kiev Radio Ukraine World Service in Ukrainian 1800 GMT 27 Jul 95

[FBIS Translated Text] The president of Ukraine has issued several decrees:

On appointing Vasyl Yevtukhov a deputy prime minister of Ukraine for issues of the fuel and power engineering complex;

On appointing Mykhaylo Kaskevych as minister of labor of Ukraine;

On appointing Ihor Mityukov the head of the interdepartmental committee of Ukraine for EU issues and the special representative of the Government of Ukraine at the EU. The decree also rules that in order to solve the issue of coordinating international financial and technical assistance to Ukraine and to oversee the relations between Ukraine and the EU, Ihor Mitsyukov is granted the authority of a deputy prime minister of Ukraine.

The Cabinet of Ukraine and the special representative of the government of Ukraine at the EU are to take the necessary measures, according to the standard procedure, to set up a Ukrainian mission at the EU in Brussels.

Role of New Government Officials Assessed

WS2707142595 Lvov POST-POSTUP in Ukrainian No. 25 (183) 18 Jul-1 Aug 95 p 3

[Article by Maryana Chorna: "New Government — Peas and Cabbage in Security Service Gravy"]

[FBIS Translated Text] **After a six-month battle with the parliament, one of the primary issues of which was the president's right to appoint ministers without the Supreme Council's consent, naive people hoped to see something unique, solely presidential. As it is, [President] Leonid Kuchma no longer feels [Supreme Council Chairman] Oleksandr Moroz's breath behind his back. The mountain of the power bill, however, has successfully brought forth its first mouse.**

[Prime Minister] Yevhen Marchuk, a politically independent figure, is on the top of it. Vasyl Durdynets [deputy prime minister for issues of state security and emergency situations], a reliable functionary from [former President] Kravchuk's era and master of compromises and neutral statements, will be in command of the team of power ministers. The odious [former Interior Minister] Volodymyr Radchenko resigned definitely, and his place was filled by Yuriy Kravchenko, a representative of customs officers. [Defense Minister] Valeriy Shmarov no longer is in command of everybody, but only the military. God only knows how the defense minister, given his chronic nostalgia for his colleagues from the Russian military-industrial complex, will get along with Durdynets, who is hardly afflicted with the CIS syndrome. Anatoliy Kinakh ended up in the office of deputy prime minister for industry. He is an interesting functionary stemming from the Mykolayiv Oblast defense shipbuilding industry. Once a staunch "Kravchukist," he recently became a moderate "Kuchmaite." He was presidential representative in Mykolayiv Oblast, and without any problems withstood the crucible of elections to the Oblast Council, since he did not have any strong opponents. He is a worthy child of the most powerful clan of shipbuilding directors from Mykolayiv. Roman Shpek — who has an image of a reformer, successfully accompanied Prime Ministers Kuchma, Zvyahilskyy, and Masol, and will probably stay with Marchuk — has also lived to see himself in the office of deputy prime minister. Coal Industry Minister Viktor Poltavets, a record holder among Luhansk coal miners in terms of accidents (he achieved that as company director) and the author of a "splendid" pricing policy in the coal industry, invincibly remains in his office. Several branch bosses have been replaced by their deputies. The office of first prime minister is still vacant. It is expected that it is reserved for Dnipropetro-

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vsk Governor Pavlo Lazarenko. Serhiy Osyka [minister for foreign economic relations and trade] has also survived. The situation of [acting Deputy Prime Minister] Pynzenyk, however, is not very good. He will either remain in the government or not. Even if he does remain in the government, he will deal exclusively with "reforms," according to the president. It is unclear how he will do that — he will perhaps sit in an office separated from the economy, and will write reforms. This is not a very burdensome job, and it will not have much effect on the situation. The fate of National Bank Chairman Viktor Yushchenko is also unclear.

So whose team is that, and what is it supposed to symbolize? It is certainly not the president's team. Or, at least, it does not comprise those who elevated Leonid Kuchma to the throne by exerting ardent efforts. After all, Durdynets by no means belongs to the category of the president's adamant supporters, and during the debate and adoption of the power bill, one could observe many contradictions between his and the president's opinions. Kinakh, too, can hardly be listed among such people. This is not Marchuk's government either — this can be confirmed by the fact that Malikov, his direct successor and crown prince to the Ukrainian Security Service throne, turned down the office of deputy prime minister. It is also obvious that this is not a reformist government, since even though we have a bunch of reformers fighting one another in Ukraine, none of them is on this team.

After one year of excitement over the "course of reforms," which by no means were able to become real reforms, we have received a medley of the old nomenklatura functionaries such as Poltavets, with the remnants of the president's native military-industrial complex, people with a long record of work in special services, and... Kravchuk's heritage. One does not have to be a great political expert to explain this phenomenon. Its secret is as simple as a felt shoe. It is impossible to assume power with any "power bill" in a country actually ruled by the business nomenklatura of all levels, no matter how much noise one raises. What will happen with a Ukrainian politician depends on the nomenklatura, even as regards the president, whom it may overthrow within 30 minutes. And it was obvious that it was recently disappointed. The hollow sound of a storm brewing within the clans reached Bankivska Street [street housing government offices] — the president evidently made concessions, giving ministerial offices not to his people, but those who were closer to this "core of power." Will he be able to please them, however? He will hardly be able to do so, since although the biggest machine-building sharks may be satisfied with Kinakh, for leading clans — the Donetsk coal and Dnipropetrovsk metallurgical clans, as well as regional princes of the Kharkiv electric-engineering and Odessa machine-building courts — he is an alien. He is also an outsider for Kuchma's native defense industry, albeit for other, red-CIS reasons. It seems that, eventually, everybody will be disappointed. The situation will be exacerbated by local and regional ambitions, since the appearance of Lazarenko will only pour oil on the flame of Donbass's dissatisfaction. The new power ministries will immediately become entangled in battle with those "fighters against corruption" who were appointed by Radchenko in the oblasts. Another round of battle between the former and current ministry department chiefs is quite likely. Moreover, Durdynets may end up on the side of the former chiefs rather than the current ones. Marchuk, as a professional in his field, knows everything about the domestic business nomenklatura. The laws governing this world are like the alphabet for such a KGB wizard. This does not mean, however, that he will be able to defeat them. More likely, something different may happen: Marchuk is aware of the real force of these "alignments," and can stand on the side of infuriated low-level directors against the presidential top at any moment and without scruples, since Kuchma's partial concessions regarding his team will hardly improve the situation fundamentally. And nobody will be satisfied with the symbolic act of throwing Pynzenyk out of the red terrace into the crowd. One should only wonder why Viktor Mykhaylovych [Pynzenyk) allows someone to use him in this role for the second time. The only clear thing is that this motley and ill- selected company will deal with everything, except economic reforms. Observers say that this team will not survive long. Although this has not been ruled out, another thing may take place: The shaky alignment of forces around the real power may last for a long time in Ukraine. Reaction to Lazarenko's appointment may become decisive in this situation.

Intelligence Personnel Training Viewed

WS2707143695 Kiev KIYEVSKIYE NOVOSTI in Russian 21 Jul 95 p 6

[Interview with Major General Volodymyr Stepanovych Sydak, rector of the Institute for Training Personnel of the Security Service of Ukraine, by Mykhaylo Kanyuka; place and date not given: "I Would Become an Intelligence Agent, But Who Will Teach Me This Job?" — first paragraph is KIYEVSKIYE NOVOSTI introduction]

[FBIS Translated Excerpt] **Who of us was not engrossed in breath-taking adventures of James Bond and Count Malco? Do you remember how your**

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heart sank when you followed perfidious plotting by outwardly good-natured Mueller against matchless Maksim Maksimovich Isayev in the role of Stirlitz? [characters of a Soviet spy movie] The constant theme "our man among strangers, a stranger among us" excites our souls.... Earlier, the central authorities were training Zorge, Philby, Abel, Bystroletov, and others. How is the training of intelligence officers in independent Ukraine proceeding? Do we really export them? Major General Volodymyr Stepanovych Sydak, rector of the Institute for Training Personnel of the Security Service of Ukraine kindly agreed to satisfy our curiosity.

[Kanyuka] Primarily, we would like to familiarize ourselves with your institute.

[Sydak] Our institute was established in January of 1992 by a decision of the Ukrainian Cabinet. Our task is to train highly qualified legal experts with a command of foreign languages for the basic kinds and purposes of work in the Security Service of Ukraine. We admit both secondary school and university graduates.

The establishment of our institute was dictated by life: The special service of a sovereign state faced an urgent need to train specialists of the aforementioned profile, as well as to raise the level of legal competence of all security service employees.

Training lasts five years here. In addition to special subjects, students intensively learn one of the following foreign languages: French, German, or English.

[Kanyuka] That is to say that we see our potential "friends" in the West, as before?

[Sydak] Well, not quite so.... Our task is to analyze where our friends are and where somebody else is. I would just like to note that we are going to teach other languages, including Eastern, in the following academic year.

[Kanyuka] Let us assume that a graduate from a secondary school wants to enter your institute. Where does he have to apply, directly to the selection committee?

[Sydak] Primarily, to anticipate your future question, I would like to note that we are a very special institute, and of course, nobody comes to us straight from the street.

Prospective students need to apply to the personnel sections of oblast directorates of the Security Service of Ukraine. The directorate will conduct the needed study on professional suitability, after which it will direct the applicant to Kiev to pass exams. Naturally, he will need good physical training and strong health in addition to the required knowledge.

[Kanyuka] Do you teach women?

[Sydak] I have to disappoint the followers of Mata Hari but so far we admit only men. The matter is that the training is very intensive, even men sometimes can not handle it.

True, we are currently considering the creation of a category of expert-translators — perhaps next year — where women would be allowed.

[Kanyuka] Will they be able to work later on operational tasks?

[Sydak] Of course, provided they display necessary abilities. Incidentally, I want to note that we do not discriminate anyone in the Security Service of Ukraine. Currently, you can meet women in operational work. For the time being, however, there are only a few of them. But I am personally convinced that women can work no worse than men, given suitable qualities and needed training.

[Kanyuka] What else does the training process in your institute involve?

[Sydak] In addition to full-time education, we also have correspondence courses for employees of the Security Service of Ukraine. We prepare personnel for the operational subunits of Border Troops on a contract basis, as well as for the management of the government guard.

[Kanyuka] Is there an age limit?

[Sydak] Naturally. The age limit for secondary school graduates is 24 years, while for applicants with higher education it is 30 years.

[Kanyuka] I wonder if the nationality of an applicant is important.

[Sydak] No, it does not matter. But he has to definitely be a citizen of Ukraine.

[Kanyuka] Are you the only institute of this kind in Ukraine?

[Sydak] At present, yes. Unfortunately, the institute is not able to provide personnel for all fields of the security service to a full extent. Therefore, we have an agreement with the National Juridical Academy of Ukraine, which conducts five-year training of lawyers-investigators. The program of the fifth year of training includes special subjects that relate to the specific nature of the Security Service of Ukraine, namely intelligence and counterintelligence. Training is conducted at our institute's facilities. Some specialists are trained in military institutions; for instance, those with a major in governmental communications.

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[Kanyuka] You just mentioned two directions in the work of the security service: Intelligence and counterintelligence. Let me ask you a dilettante's question: What is the difference between them?

[Sydak] Certainly. Primarily, intelligence includes intelligence and information-analytical operations aimed at facilitating effective internal and external activities by the bodies of Ukraine's state authority. Intelligence also resolves the problems of defense, socioeconomic construction, scientific and technical progress, environmental protection, and many other issues related to the national security of the state.

The prerogative of counterintelligence consists in providing counterintelligence protection to diplomatic missions, consular, and other state institutions. Counterintelligence also focuses on the protection of national interests in foreign politics and foreign economic activities, as well as on the safety of Ukrainian citizens abroad.

Prevention, detection, and derailing of any form of intelligence-subversive activities against Ukraine are no less vital. In light of this, facilities of the military complex are of a primary importance for counterintelligence: the Armed Forces of Ukraine, other military units deployed on the territory of our country, as well as facilities of power engineering, transport, and communications. I would also add the most important enterprises of various sectors of the national economy to this list.

In addition, counterintelligence bodies participate in the planning and implementation of undertakings to protect national secrets of Ukraine, as well as assist enterprises, organizations, and entrepreneurs in protecting commercial secrets, the spreading of which could harm the vitally important interests of the state.

In accordance with the legislation and regulations on the security service, counterintelligence officers take preventive measures against violations in the sphere of state security, as well as assist the Ukrainian Border Troops in the protection of our borders. [passage omitted]

Union of Soviet Security Officers Created in Crimea

AU2707164395 Kiev HOLOS UKRAYINY in Ukrainian 26 Jul 95 p 6

[Report by INTELEKT Agency: "There Are So Many Soviet Security Officers in the Crimea That They Have Created Their Own Union"]

[FBIS Translated Text] One Mr. Tarasov, retired colonel of the USSR Main Intelligence Directorate [GRU], stated that a Union of Soviet Security Officers had been created in the Crimea. According to Artur Tarasov, the union's headquarters is located in Simferopol.

This year, a constituent congress of the organization was held in Sevastopol. About 160 former KGB, GRU, and law-enforcement officers participated. They have organized to "restore the former Soviet Union by constitutional means." Meanwhile, the Union of Soviet Security Officers intends to help former security officers. To that end, it proposed that the governments of Russia, Ukraine, and Belarus transfer to it $40 million, 50 billion Russian rubles, and 500 billion [Ukrainian] karbovantsi.

According to Ihor Tyshyn, chief of Ukraine's Security Service Subdivision for Protection of Ukraine's Territorial Integrity, A. Tarasov never served either in the KGB or in the GRU. He has always been engaged in commercial activity and was convicted in Krasnoyarsk [Russia]. In 1991 and 1992, he was summoned to Ukraine's Security Service regarding spreading rumors about the KGB. By that time, he had conferred upon himself the rank of lieutenant colonel.

Round Table Discusses Crimean Tatar Statehood

AU2707125995 Kiev HOLOS UKRAYINY in Ukrainian 25 Jul 95 pp 1, 2

[Unattributed report: "The Idea of Crimean Tatar Statehood Is Gaining a Foothold"]

[FBIS Translated Text] In Simferopol, the Crimean branch of the Ukrainian Independent Center for Political Studies has held a "round table" on "Problems of Representation of Ethnic Communities in Crimean Power Bodies."

Refat Chubarov, deputy chairman of the Crimean Supreme Council, voiced the idea of creating two chambers in the autonomy's parliament: One to deal with territories and the other with nationalities. He added that the latter chamber could include equal numbers of representatives of the Russian, Ukrainian, and Crimean Tatar nations (30 percent each) and the remaining 10 percent might be given to representatives of other nationalities residing in the Crimea. Refat Chubarov also stressed that small nations could have one deputy representing several ethnic groups.

This idea found some support among the participants in the "round table" — the Crimean Tatars, Ukrainians, and even Russians.

However, Natalya Belitser, coordinator of the Helsinki Civic Assembly's Ukrainian branch, drew the attention of those present to the fact that the rights of indigenous peoples who have no statehood of their own must be determined in line with international norms. In the given case, this concerns the Crimean Tatars, who have the right to national self-determination as

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a subject of international law. Other peoples living in the Crimea have only the right to national-cultural autonomy, because each of them has its own state: The Russians have Russia, the Armenians Armenia, the Greeks Greece, and so on. But the Crimean Tatars do not have a state of their own, and the Crimea is the only territory where they are an indigenous people.

In the opinion of the participants in the "round table," Crimean Tatar statehood on the peninsula must only be within Ukraine.

Crimean Tatars Fear Crackdown by 'Underworld'

LD2807074795 Moscow ITAR-TASS in English 0740 GMT 28 Jul 95

[By Lev Ryabchikov]

[FBIS Transcribed Text] SIMFEROPOL, July 28 (ITAR-TASS) — Deputy Chairman of the Crimean Parliament Refat Chubarov asked Ukrainian Prime Minister Yevheniy Marchuk to order police to take necesary measures for Crimean Tatars to be defended.

Chubarov handed to Marchuk, who was on a visit to the Crimea, a statement saying that the underworld was going to assassinate Mustafa Dzhemilev, Refat Chubarov abd Server Kerimov, leaders of the Crimean Tatar majlis, or parliament.

Churavov's statement said he had been given tips about that by sources outside the Crimea.

According to Chubarov, who until recently was the leader of the majlis faction Kurultai, he had informed about the threat Major-General Stanislav Ivakhnenko, head of the Crimean division of the Ukrainian security service.

Chubarov said the underworld's aim was to "destabilise the situation in the Crimea, evoke an ethnic conflict directed against the state as a whole".

Chubarov said it was likely that powerful financial forces were set to come to the Crimea and we going to fuel a Tatar-involving conflict in the Crimea in order to weaken local businesses.

Another version of Chubarov is that some forces beyond the boundaries of Ukraine wanted to undermine the Ukrainian state by instigating an ethnic conflict.

Marchuk in Crimea Meets Local Leaders

AU2807111595 Kiev HOLOS UKRAYINY in Ukrainian 26 Jul 95 pp 1, 2

[Unattributed report: "The Crimea Asks, and the State Leadership Is Ready To Help"]

[FBIS Translated Text] On 24 July, Ukraine's Prime Minister Ye. Marchuk visited Simferopol. His visit to the Crimean Autonomous Republic was concerned with the results of Ukraine's Cabinet of Ministers Presidium session and with forthcoming talks in Moscow on the Black Sea Fleet problems. Ye. Marchuk met with the republic's leaders. He said that Ukraine's Vice Prime Minister V. Durdynets would also come to the Crimea to look into the causes of the recent tragic events [clashes between Crimean Tatars and the Ukrainian police that claimed several Tatars' lives] in the eastern Crimea. According to the prime minister, Ukraine will help the peninsula's deported people to return and settle there. Funds for that purpose are expected from the World Bank, the International Monetary Fund, and the European Bank for Reconstruction and Development. The Ukrainian government also raised the question of granting assistance to deported Crimean peoples by Russia, Uzbekistan, and Kazakhstan.

Ye. Marchuk has left for Moscow, where he will take part in intergovernmental Ukrainian-Russian negotiations on the Black Sea Fleet problems. The prime minister said that the issue of the Ukrainian Fleet basing will not be broached at the negotiations, as "it is an exclusively Ukrainian matter."

The working conference of the Crimean Autonomous Republic Supreme Council Presidium that was held in Simferopol on 24 July discussed questions on preparing an appeal to the Ukrainian president on resubordinating the Crimean government to the Supreme Council of the Crimean Autonomous Republic and also on organizing work for preparing the Republic's Constitution. At the session, Supreme Council Chairman Yevhen Suprunyuk informed members of the Presidium on the results of the meeting held by Ukraine's Cabinet of Ministers Presidium in which he and Anatoliy Franchuk, prime minister of the Crimean Autonomous Republic, took part, and also on the results of the meeting with Ukrainian President Yevhen Marchuk. Yevhen Suprunyuk said that the Ukrainian leadership strives to resolve Crimean problems and that the visit by Ukraine's Prime Minister Yevhen Marchuk to the Crimea was due to the need to resolve urgent problems of the peninsula's socioeconomic development.

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Crimean Official Views Political Situation

WS2707135495 Kiev KYYIVSKA PRAVDA in Ukrainian 20 Jul 95 pp 1-2

[Interview with Refat Chubarov, deputy chairman of the Crimean Supreme Soviet by Yu. Nepomnyashcha; place and date not given: "Why Do Crimean Tatars Need a Ukrainian Instead of Russian Crimea?"]

[FBIS Translated Text] [Nepomnyashcha] Can we call the changes which occurred in the Crimean parliament cardinal for the peninsula and for its relations with the central administration?

[Chubarov] Probably not. If those changes had resulted from the parliamentary majority's critical reinterpretation of their activities then I would have believed that there is no way for the return of adventurism and hooliganism in politics. However, the reelection of the chairman of the parliament and the establishment of a new presidium resulted primarily from the rearrangement of the political forces within the parliament. Therefore, naturally, those political forces which lost are looking for revenge.

However on the other hand, these changes provide an opportunity to avoid artificial antagonism between Kiev and Simferopol.

[Nepomnyashcha] At one time, we knew Yuriy Meshkov's slogans. What are the "Russia," the "Russia-Unity," and the "Republic" factions going to offer the Crimean population, and where are they going to lead them?

[Chubarov] They will say that the Crimean Government — which is not subjected directly to the Crimean legislature but to the Cabinet of Ministers in Kiev — has fallen into a new dependency, a dependency on entrepreneurs. This allows the silent division of Crimean authority to the advantage of certain groups. This is their first argument. Second, the Russian idea will be used again, the idea that people who are in the leadership of the parliament are establishing relations with Kiev to the disadvantage of a rapprochement with Russia. And, paradoxical as it may sound to the readers of your paper, the issue of Crimean Tatars will be used. At the end of the negotiating process on forming the new presidium, the "Russia-Unity" faction opposed the idea of a Kurultay [Crimean Tatars' general assembly] representative becoming deputy chairman of the parliament. It was stated just like that.

[Nepomnyashcha] Without any explanations?

[Chubarov] There were backstage speculations: We are afraid of strengthening the Tatars; you [Tatars] are consequently pursuing your policy, and in our opinion — I am repeating their words — your coming to power will lead to the discrimination of the Russian population in Crimea.

[Nepomnyashcha] What is your standpoint on the division and basing of the Black Sea Fleet? And how for instance, would you define the status of foreign troops on our territory?

[Chubarov] Primarily, we have to clearly determine what the Russian military interests on the Ukrainian territory are, which will allow us to avoid any speculations. If there is a need to jointly protect the border, then it has to be said. If there are other Russian interests it means that we have to understand what they are. Only by determining them and deciding whether we agree with them or not, can define the status of Crimea.

The point is that the primary danger of foreign units' deployment here lies in the fact that they are obligated to follow orders from their command. Therefore, if there is no mechanism for coordinating orders issued by their commanders with our government, then the military presence may have a destabilizing nature. Therefore, at any instance, foreign military forces which are deployed on Ukrainian territory by no means should have the right to participate in military actions, say, of their own country. We cannot allow the Black Sea Fleet's ships, even if they are Russian, to be sent on some military mission to Georgia, when there is war in neighboring Chechnya. If such a political decision is made in Russia, let them navigate there, but let them do it from Novorossiysk and not from Sevastopol.

[Nepomnyashcha] Are you a member of the commission which was established to investigate the tragic events which occurred in Crimea at the end of June 1995? Is it clear what actually happened there?

[Chubarov] Yes, I am a member of the governmental commission of the Autonomous Republic of Crimea.

While thinking about the reasons, I see one primary factor — the very difficult socioeconomic situation of the Tatars, who are returning and trying to settle down in their homeland. The second factor is that currently the administration — I am speaking about Crimea — is not able to protect the legal interests of the peninsula's population, regardless of their nationality. All in all, it is not just that people do not believe in the authorities and their capability to fight crime, but what is more, the problem is that this lack of belief has been transformed into a conviction that the entire administration is corrupt. This is a general view of the situation.

Let us proceed to the reasons now. You already know the reasons: A few gangsters extorted illegal payments from people who were trading on a small bazaar. As

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a result, two Crimean Tatars were killed. All this was witnessed by the police, which did not interfere; and furthermore, they allowed the gangsters to disappear. The worst of what happened and particularly exhausted the Tatars' patience was the fact that those Crimean Tatars who were involved in the fight with the gangsters were taken to a police station where they were beaten up. In general, (I am not ready at this point to speak about details) it looked as if the police encouraged the murder, and apart from the fact that they protected the gangsters, they arrested Crimean Tatars. This provoked outrage.

Let us speak now about what is currently happening. I see that the shadow structures are trying to present this conflict as a conflict between the Crimean Tatars and other residents of Crimea; it means, to reduce it to the inter-ethnic level, for further strengthening their influence in those areas which they already divided and mastered in Crimea. The law enforcement agencies are trying to protect the honor of the uniform — this is a vivid tendency. However, at the beginning there were many statements made by generals that the police had acted unprofessionally. At present, we do not hear such conclusions from anybody. Specific political structures, primarily pro-Russian ones, are trying to use these developments and plant fear in society by scaring them with the Crimean Tatar factor. They need this, given that again they want to reanimate their view of the necessity to unite with Russia, in which, so to speak, one can find economic, moral, and any other possible kind of peace.

I believe now that what happened in the vicinity of Sudak on 25 June was quite a well-prepared provocation.

[Nepomnyashcha] Could one really hear gun shots coming from the mountains?

[Chubarov] I witnessed these developments. I had just arrived from Kiev and was on the spot 15 minutes before the shooting started. People were already moving away despite the fact that they were very outraged. They were devastating the facilities of the gangsters, who — according to the people — were guilty of the Crimean Tatars' death on 23 June. However, I emphasize that the crowd was already moving and there were no victims from either side at that point. There are many versions of why the shooting broke out upon the arrival of the Poltava OMON [special task police force], which was arriving in Sudak, and the column of Crimean Tatars, which was already leaving the city. However, no matter how strange it may seem, the investigations conducted by Crimean Tatars and the police coincide at one point: There were some people in the mountains who started the shooting. It is impossible to specify now at whom they started to shoot, possibly at the OMON or the Crimean Tatars. And afterward, the OMON, as if protecting itself, opened volley fire [indistinct words], which led to human casualties.

[Nepomnyashcha] How can you explain the fact the in the majority of ethnic Russians one can notice a kind of aggressive arrogance toward everything that is Ukrainian? Incidentally, you understand our language and speak it....

[Chubarov] The Russians, who at one time were settling in Crimea for various reasons, were coming here as to a territory which allegedly had been cleaned from something bad. And in advance they thought about this land as exclusively theirs. Currently, they share one very common opinion: We are a majority, and this is our land. Why then should we live the way we are told, we should go to Russia, but we will go there with this land. They do not even want to ponder over the fact that this is a different state, and that in principle, if they leave this place the problems of this land will not be resolved.

[Nepomnyashcha] Why then does your nation see an ally in Ukraine? Is it that the Medjlis [Crimean Tatar Council] can propose a strategic task of creating its own state on the historic land?

[Chubarov] I often answer this question, therefore I have even worked out a pattern. The words often repeated by Leonid Kravchuk are a basis for me. He has said that Ukraine, while determining its position in relations with other states, will always proceed from its own interests. So, I would like to say that Crimean Tatars are also proceeding from their own interests, for which nobody can reproach them. Our current interests however, for many, many years, will be to return, to live normally, and to have equal political rights with the other people living in Crimea. And what is most important is to have assurances that we will be able to be reborn as a nation. When will this be possible? There are several conditions. A national law is necessary which would regulate all the issues connected with our return and the reestablishment of our rights. Very huge funds are needed. Providing that we have the law, and the sources for financing are also jointly found, then there is the third condition to be met — a stable situation in Crimea. Let us consider now, when such stability will be possible. We are coming at once to the idea that the world is falling apart when borders are reviewed. Proceeding from this, we categorically oppose the idea of reviewing the border between Russia and Ukraine in the Crimean part. This is the logic which allows us to convincingly say that all the Crimean problems, and not only the Tatars' problems, could and must be resolved within Ukraine.

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Some people say sometimes: Okay, but why do you think that the same cannot be obtained by the transfer to Russia? Supposing Russia cuts off Crimea, and everyone will be silent here [in Ukraine] — such speculations also exist, I will not mention that they are simply groundless. But even if we presume this, then who can be sure that due to Russia's current national policy, the Tatars will be given any assurances for their rebirth? The point is that the events in Chechnya, the opposition between Moscow and Kazakhstan, and other events show that the imperial spirit, which has never allowed the conquered nations to feel relaxed, is very strong in Russian society. As for Ukraine, which was either fully or relatively independent, thank God, there was no desire to conquer new territories...

[Nepomnyashcha] ... to gather lands?

[Chubarov] That is correct. Therefore, we believe that as long as we belong to Ukraine, we will not be exposed to such chauvinism, the kind experienced by nations in Russia.

Economic Issues

Marchuk on Restructuring of Payment of Gas Debts

LD2707231295 Kiev UNIAR in Ukrainian 1800 GMT 27 Jul 95

[FBIS Translated Text] Kiev, 27 Jul (UNIAR) — "We are sorting out the state of affairs regarding payment for gas," Prime Minister Yevheniy Marchuk told a briefing of the Ukrainian Cabinet of Ministers on 27 July. He said that the $406-million debt for the first quarter of this year had been restructured with repayment after September 1995 and all installments, at least so far, were on schedule. Ukraine's gas debt for 1995 totals $1.014 billion, with $100 million owed for natural gas to be consumed this winter.

The debts of $2.5 billion in 1993 and $1.5 billion in 1994 have been rescheduled by Russia over 13 years.

Marchuk Sees No Change in Economic Reform Policy

LD2707231695 Kiev UNIAN in Ukrainian 1730 GMT 27 Jul 95

[FBIS Translated Text] Kiev, 27 Jul (UNIAN) — Prime Minister Yevheniy Marchuk said at a news conference held at the Ukrainian Cabinet of Ministers on 27 July that there are no plans to amend Ukraine's policy toward economic reforms. He said that strict measures will be implemented at the macroeconomic level.

According to Marchuk, "the situation shows that it will be extremely difficult to reduce the rate of inflation to 1-2 percent by the end of the year." As is known, today's inflation rate is 4.6 percent.

Yevheniy Marchuk stated that there will be no additional unplanned emissions in the nearest future. He noted that in the third quarter of this year Ukraine's economy will experience a difficult time because of the need to make payments on the state contract and to find at least 30 trillion karbovantsi to prepare for the winter.

He also said the Ukrainian president signed several edicts on 26 July appointing 23 new deputy ministers. He said that it was proposed that Viktor Pinzenik take the post of deputy premier for economic reform issues.

Yevheniy Marchuk believes that the government has been formed effectively. However, the matter of further improving its structure remains.

Government Power Engineering Program Criticized

WS2707143495 Lvov POST-POSTUP in Ukrainian 18 Jul-1 Aug 95 pp 1, 6

[Report by Maryana Chorna: "The Year 2010: Power Engineering Targets Will Be Met and Surpassed"]

[FBIS Translated Text] There probably has been no other ill-fated document in our contemporary history that could match Ukraine's power engineering program. It keeps travelling between the Cabinet of Ministers and the Supreme Council and cannot see the light of day. Another draft — updated and improved — has been received by people's deputies, bearing the signature of Prime Minister Marchuk. People's Deputy Volodymyr Chemerys kindly agreed to present POST-POSTUP with a copy of that document, which is no less sensational than reports on crime.

The power engineering program is an impressive book written by renowned authors — more than 30 chiefs of all kinds, including Hureyev, the newly appointed minister of power engineering; Nihmatullin, first deputy chairman of the State Atomic Committee; four Ministry of Economy department heads; three sector heads from the same ministry' scientific research institute; not mentioning heads of directorates, departments, and the like. It is a lot of people, but somehow the results were not quite as impressive, particularly given that along with ministerial wizards the same program was written by five corresponding members of the National Academy of Sciences and three academicians, including V. Zabihaylo from the Lvov Institute of Geochemistry and Combustible Natural Resources.

The longer one reads more than 30 pages of the document, the more clear it becomes that nothing is clear in it. Questions arise immediately. The first

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question concerns the notorious Black Sea-Azov Sea shelf. It is great that the authors at least no longer deny its existence. On page 14 of the program, it is even envisioned that "an increase of deposits be provided in the amount of 95 million tonnes of oil, including 40 million tonnes in water areas, and 680 billion of cubic meters of gas, including 243.9 billion in water areas." Moreover, the authors do not deny that domestic oil will be cheaper, given that on page 17 they write: "The price of one tonne of domestically produced oil with condensate is lower that the world price, while prices for gas make up 10-46 percent of the world price." Wonderful, and so what? And so nothing. The deposits will reach 95 million tonnes, but production in the year 2010 will still be 7.5 million tonnes (which is a favorite figure of Mr. Shpak, director of the National Academy of Sciences Institute of Geological Sciences, who cited it back in the times of Fokin, when nobody even mentioned the Black Sea shelf). As we know, the norm of "production in proportion to deposits" envisions that production should amount to 10 percent of deposits. Thus, even proceeding from the target figure of 95 million tonnes, which is the increase in shelf deposits alone, Ukraine would be able to produce no less than 9.5 million tonnes. Ukraine's leaders move in a mysterious way.... The shelf's "explosive" development is planned for 1997, but it is an absolute mystery how this is going to happen.

The program also mentions coal. Its authors plan to open 20 new mines and one face and reconstruct 46 mines, but do not mention how this is going to be financed. There is also a grand plan to open 30 shallow mines with annual production capacity of 300,000-500,000 tonnes, however again, there is no mention of where to take the money. Meanwhile, no strictly economic measures are envisioned, meant primarily to free prices and liberate mines from the embrace of the Ministry of Coal Industry. Neither does the program say what we will be doing with coal, which is 20 percent more expensive than the world price.

The drafters of the programs did not ignore nuclear power engineering either, and addressed that problem fundamentally and in detail. Here is an exact quote: "For a radical enhancement of safety at nuclear power plants, a reconstruction shall be conducted. The following power units shall be put into operation: High readiness units No. 6 at the Zaporizhzhya power plant, No. 2 at the Khmelnytskyy power plant, and No. 4 at the Rivne power plant, as well as medium readiness units No. 3 and No. 4 at the Khmelnytskyy power plant, certain details of whose design shall be specified." That is all. Short, however unclear. It is unclear how and for whose money the damned Zaporizhzhya unfinished facility will be put into operation. How will rundown unprofitable Netishyn and Kuznetsovsk [sites of Khmelnytskyy and Rivne power plants] sustain their development? The document only says: Launch them!

Saving of electrical and other kinds of energy is naturally suggested. In what way? For instance, through "expanding the introduction of automation of technological processes" or "measures aimed at improving control over the use of energy" and "by using high-tech equipment for the introduction of new technologies." What automation, who will produce the equipment, what are the volumes of investment, and so on? Not a word was said about those things either. The list of the program's "chefs-d'oeuvre" might be endless, and there is not enough space for citing them. Let me quote just one more "gem": "Imperfection of the system of managing the coal mining industry... which produced stable signs of further destabilization."

After reading this work of art one conclusion can be drawn: Its authors probably meant to compile a popular report on energy issues for a local television station. It is hard to regard as a program a document which carries no specific estimates of necessary investment or at least a short listing of major projects, ways and sources for their implementation, and their — at least tentative — cost. It is hard to refer to the document as a program, given that it does not even analyze the reasons for the decline in power engineering. Therefore, it is hard to expect that the program will provide a remedy, because normally, a disease has to be diagnosed before being cured.

The document has been submitted for discussion in the Supreme Council. Legislators deserve our sympathy, because it is absolutely unclear what they have to discuss and approve. The task of approving those kinds of "plans" belongs to congresses of the former Soviet Union, and not to legislatures. There was no meaning behind the empty phrases of those documents, or an opposite meaning was hidden there. The situation with the power engineering program is the same. While the program was being written, a competition was announced for the development of the [Black Sea] shelf, attended only by "buddies" and violating all regulations on resources and concessions. We have very incompetent, quarrelsome, and troublesome legislators. However, what can be said about the executive authority's level of competence, given that it drafts these kinds of documents? Ukrainians may not be the best nation in Europe, but they probably do not deserve so poor an authority.

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Pynzenyk Sums Up Eight Months of Reforms

WS2707120495 Kiev VSEUKRAINSKIYE VEDOMOSTI in Ukrainian 15 Jul 95 pp 10, 11

[Commentary by Acting First Deputy Premier Volodymyr Pynzenyk: "Financial Stabilization: What Is Behind It?" — first paragraph is VSEUKRAINSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] **On a commission from our editorial office, journalist Volodymyr Makarov has met with V.M. Pynzenyk, the main ideologist of economic reforms in Ukraine. Makarov asked only one question: "Viktor Mykhaylovych, can you assuredly state that Ukraine has managed to achieve economic independence?" V.M. Pynzenyk gave an extensive answer to this question and kindly provided us with analytical materials, which we also publish today.**

Eight months have elapsed since the Ukrainian president declared the course of radical economic reforms. Of course, the time was too short to radically change the economic situation. The "illness" of our economy has been too neglected. A lot of time has been lost. Inconsistency, undecidedness, and the lack of political will to reform the economy in a sustained and consistent way in previous years had their negative impact. However, after a period of eight months, one can and must sum up certain results of the implemented course, as well as problems and prospects of its continuation.

As of today, virtually no one denies the obvious fact that the best results have been achieved in financial stabilization. Our economy has been provided with a more or less reliable factor — a relatively stable national monetary unit, which can be freely converted (in current trade operations) into foreign currency. The karbovanets has ceased to be a discriminated currency. Those business entities understanding economic processes prefer the karbovanets. It has become easier to work with the karbovanets than the dollar. I hope that this has been personally understood by all those making deals in cash dollars.

However, the assessment of the aftermath of financial stabilization, the rate of its implementation, and achieved results is ambiguous.

Let us try to look into trends in the process of changing the economic situation in Ukraine.

1. It could be observed that inflation rate tends to decrease steadfastly and continually. Accordingly, the rise in prices — a most worrisome phenomenon impacting people's living standards — decreases, too. The rise in prices decreased from 72.3 percent in November 1995 to 4.8 percent in June 1995. In addition, in contrast to other countries, this was accomplished very smoothly (December 1994 — 28.4 percent; January 1995 — 21.2; February — 18.1; March — 11.4; April — 5.8; and May — 4.6). Basic inflation [bazova inflyatsiya] in June (rise in prices for foodstuffs and nonfood products) also proved to be at its lowest: foodstuffs — +1.0 percent; nonfood commodities — +3.4 percent. In general, the slightly higher inflation rate (4.8 percent in June against 4.6 percent in May) is conditioned by the correction of payments for housing and public utilities as well as post and telephone tariffs in May (prices for services increased by 16.9 percent during a month).

2. Unfortunately, we have not managed to completely stop the decreasing trend in production, although its rate has considerably slowed down. The industrial production in 1944 decreased by 28.2 percent, while in January-June 1995 — by 13.6 percent. The periods of monthly increase (October and November 1995, February and March 1995 — 10.0 percent; 1.1 percent; 1.2 percent; 9.7 percent respectively) were followed by the periods of decrease (December 1994 — -7.3 percent; January, April, May, and June 1995 — -9.5 percent; -7.3 percent; -1.0 percent; and -1.5 percent respectively). In general, since October 1994 (as compared to September 1994) the industrial production has been reduced by 6.4 percent. Regarding the GDP, a trend for slowing down its decrease has been observed (12.8 percent in January, 10.7 percent in May).

3. I will note at once that the given trend may be treated incredulously by some citizens, especially by employees of those enterprises that are currently not producing commodities or being in a difficult financial situation, as well as by poorly provided segments of the population (pensioned and disabled people, families with many children), which have found themselves today — it must be openly admitted — in dire straits, as well as by those who are often delayed in receiving their wages, pensions, and stipends.

However, a general positive trend has appeared. It has immediately been noticed by workers of individual economic sectors. I hope that they will also be among the readers of this material. This is extremely important for understanding the process of reforms and their support, because they often mean very difficult and sometimes even painful resolutions. The point is in the fact that in February-May 1995 the actual average wage was continually increasing, that is, nominal (calculated) wages increased faster than prices. Thus, in February the increase in prices amounted to 18.1 percent, while wages increased by 30.9 percent; in March these indicators were 11.4 and 19.8 percent respectively; in April — 5.8 and 7.9; and in May — 4.6 and 12.7. In general, in February-May the actual average wage increased by 30 percent, which exceeded its decrease in the first four

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months of reforms (the decrease from October 1994 to January 1995 was equal to 18.1 percent). In comparison with September 1994, the actual wages in Ukraine increased by 6.5 percent. Of course, this is a very small improvement, which can be disregarded. I will note, however, that it was only four months since a slow progress has been observed. According to preliminary estimates, wages in June increased ahead of retail prices.

Since October 1994, the dollar equivalent of the average wage has continually been increasing. According to the exchange rate at currency exchange booths, the wage increased from $23.3 (October 1994) to $41 (May 1995), that is, by 76 percent. According to the official exchange rate, the wage increased from $26.4 to $47.9, that is, by 81.4 percent. This trend, according to preliminary data, also continued in June.

As of now, the dollar equivalent of the average wage in Ukraine is equal to 63 percent of that in Russia ($76.4 according to data for April 1995), while in December 1994 this ratio amounted to 29.5 percent ($103.5 in Russia and $30.6 in Ukraine).

For the first time, we have achieved the situation when wages in some economic sectors — for example, in the nuclear power industry — have exceeded $100 per month.

Thus, there are good offshoots. It is very important not to let them die, because it is so easy to loose the former gains. We have proved this by our own experience in previous years.

I will stress once again — I feel and understand the pain and sufferings of those of my compatriots who are now in a difficult material situation. I also know how painfully the people were hit by the increase of tariffs for housing and public utilities. Looking through the materials on subsidizing payments for housing and public utilities, I noticed that many of those entitled to compensations had not made use of their right. Taking advantage of this opportunity, I want to inform everyone: families with payments for housing and public utilities (payment for liquefied gas and solid fuel has recently been included among them) exceeding 15 percent of their average monthly combined income have the right to assistance in the amount exceeding 15 percent.

4. Over the past two months (this May and June), interest rates for credits declined at a slower rate than inflation, which is typical for the present situation. In May, the pace of inflation decreased by 1.2 percentage points (from 5.8 percent to 4.6 percent), while the monthly interest rate decreased by 2.5 percentage points (from 152.2 percent to 122 percent annually or, from 12.7 percent to 10.2 percent monthly). According to recent data, with inflation jumping slightly in June from 4.6-4.8 percent, interest for credits went down by an additional 2.5 percentage points (from 122 percent to 91.9 percent annually or, from 10.2 percent to 7.7 percent monthly). Overall, while the monthly inflation rate dropped 1 percent over the past two months, interest rates for monthly credits declined 5 percent.

Over the whole period of economic reform initiated by the Ukrainian president, the annual discount rate dropped from 300 percent to 75 percent, and promises to slip even further to 40-50 percent. This provides a good ground for investment credits in the economy.

What factor is important in this situation? We have reached the level of the so-called positive interest rate and are sustaining it. With an inflation of 4.6 percent in May, the deposit (payments to banks) interest stood at 5.1 percent. What does this mean? If you put 10 million karbovantsi [K] in a bank, you will have K10.51 million in your account in a month, which is more than the increase of consumer prices this month (you have to spend K10.46 million for goods which you could have bought for K10 million one month ago). In other words, your deposits generate real income. This fact has taken care of the acute problem of funds owned by private individuals and enterprises whose value was eroded in bank deposits. It will eliminate financial speculations and stem the channel of illegal redistribution of the population's money. By the way, this is one of the reasons for the gradual increase in people's income.

5. Credit activity is shifting from the private to the state sector. As of 1 November 1994, only 48.6 percent of credit resources were put in the state sector — much lower than its actual share in the economy. As of 1 June 1995, the state sector received 63.1 percent of credits. This can be explained by the elimination of artificially efficient speculative middleman transactions. It has become impossible to cash in on the difference between interest and inflation (when the interest rate for credits is lower than the inflation rate) by buying and then selling the same goods in three or four months. The middleman services have become part of the non-speculative sphere.

The share of long-term credits taken by the state sector has risen and is keeping stable at this level. As of 1 June 1994, it stood at 5.8 percent and 13.3 percent as of 1 October 1994, growing significantly to 22.5 percent as of 1 January 1995 and 17.2 percent as of 1 June 1995. The marginal slowdown in June is explained by high inflation between January and March 1995, ranging from 21.2 percent 11.4 percent. Favorable conditions are gradually being created for investment activities, which

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can be seen by the overall structure of deposits (their share in the Ukrainian banking system climbed from 36.9 percent as of 1 October 1994 to 55.5 percent as of 1 June 1995), as well as by the general structure of term deposits that indicated a substantial growth of annual and shorter deposits. This fact is very important, as it allows banks to provide long-term investment credits. The point is that with spiraling inflation, everyone is reluctant to save money in long-term deposits. This is why banks cannot give long-term credits — after all, the money that they manage does not belong to them but to the owners of short-term deposits.

6. Certain positive results have been achieved in curtailing the shadow economy. According to operational data, a difficult process of legalization and tax enforcement began in May-June 1995 (due to its significance, this issue deserves a separate discussion). Many experts noted a strange phenomenon in May 1995 — over a period of one month, consumer spending rose by 35.4 percent (from K96.1 trillion to K130.1 trillion). This has raised a question: How could this possibly happen at a time of dwindling production of consumer products? Inflation, which was reported at 4.6 percent in May, increased expenditures of consumers only by K4.4 trillion. The rest of this sum accounts for the trade operations that existed in the past but only in the "shadowed" part of the national economy — avoiding the legal sphere and taxes.

This conclusion is corroborated by other evidence. By May 1995, people had one-sixth of the money they had in the previous month (K4.7 trillion in May, compared with K31.3 in April). As a result, a considerable portion of money goes beyond the reach of banks, working mainly for the shadow economy. In May, this portion dropped from 34.7 percent to 31.8 percent.

7. The hard currency is gradually flowing back to Ukraine. According to data provided by the Ukrainian Finance Ministry, hard currency exports amounted to $351.2 million in October 1994, while only $190 million actually came to Ukraine. The same happened in November 1994 (this time, the loss was $304.8 million). The period between December 1994 and April 1995 showed a reverse process. The inflow of convertible currency in Ukraine exceeds hard currency imports. Its combined value over five months outstrips such imports by $503.5 million. This factor (and not only the unpaid debt for gas imports) is one of the reasons for the quick accumulation of hard currency reserves by the National Bank of Ukraine [NBP]. This refutes claims that our bank has artificially prevented the dollar exchange rate from growing by selling dollars from its reserves. On the contrary, it bought more dollars than it sold. Of course, you can argue about the accuracy of the Finance Ministry data. Errors are possible. But the overall tendency is only too clear. It is also possible that some transactions that were initially carried out on a barter basis were later qualified as exports, bringing back hard currency instead of goods. This can be proved by another tendency showing a plummeting share of barter in export operations. It accounted for 33.1 percent of all exports in April 1995, down from 40.9 percent in October 1994. These estimates were also provided by the Finance Ministry.

8. We are gradually creating conditions for phasing the dollar out of circulation. Everyone can see it: The dollar exchange rate is falling. Over the five years of this year alone, its value dropped by one-third (under an inflation of 76.5 percent in January-May, the dollar exchange rate grew by 21 percent). Consumers, however, are in no hurry to get rid of this currency, even though losses incurred by keeping it in deposits are going up. With considerable hard currency reserves of the NBP, this process can start and progress very quickly (this task has almost been achieved). It can gain an additional momentum when people believe in the pro-reform policies and become confident that financial stabilization and its support are irreversible.

9. Unlike in the past, Ukraine has showed itself as an efficient debt payer this year. The country has almost no overdue debts stemming from foreign trade payments. We have fully repaid our debts to Russia and Turkmenistan — Ukraine's principal creditors. Of the $206 million of rescheduled debts that Ukraine is running to Russia's Gazprom for the first quarter of 1995, $206 million has already been repaid according to schedule. Payments for gas imports look much better now. As of 3 July 1995, the running indebtedness to Gazprom amounted to $106 million. Unfortunately, improved payments for gas come against a background of much worse domestic non-payments, totaling K206 trillion (almost $1.5 million). They were caused by the excessive strain put on the national budget, which cut allocations for science, culture, education, health care, army, and social programs, as well as delayed payment of wages for budget-financed institutions, pensions, welfare benefits, and stipends. This is why ensuring domestic energy payments remains one of the most acute and complex problems.

10. Ukraine has now reached the level of international prices. This allows us to avoid a considerable adjustment of prices, while still keeping inflation in check, which fuels social discontent even further [as published]. In fact, there still is a small group of prices for municipal services requiring adjustment (their prices cover only 30-35 percent of real costs in this sphere). So, it is

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of crucial importance to keep prices and inflation from exploding. If an explosion does take place, reducing the dollar equivalent of, say, gas price several times (with the karbovanets nominal value remaining unchanged), it would be extremely difficult, in social terms, to recover to at least the previous level. This would worsen social problems caused by declining living standards, which are a result of speculative redistribution processes at a time of high inflation.

Changes and development of a new economic order are typically accompanied by a drop in production, shutdown of enterprises, and a worsening non-payment crisis. Unfortunately, production did not fall due to changes in its infrastructure. This is evidenced by the production of consumer goods falling much faster than that of industrial products. This fact should raise our alarm flags.

Social strains became more tense in some of the regions where the military-industrial complex and civilian machine-building enterprises are heavily concentrated. They are also visible among financially insecure and disabled categories of citizens. The worsening budget problems threaten to cause financial destabilization.

One can and should talk now about the end of the first stage of reform. Moreover, the second stage was planned for early March or April 1995, and it should initiate structural transformation — something for which the Ukrainian president presses for.

We are not talking about replacing methods of financial stabilization with some other techniques, but about introducing some additional procedures intended to strengthen this process by structural changes in the economy. This process is long overdue. Further delay in its implementation not only impedes the progress of reforms, but it also threatens to destroy the already available results achieved thanks to financial stabilization, which can ensure our independence.

Why structural changes should be carried out under financial stabilization, how this should be done, and what it should be accompanied with — these are all topics for a separate discussion.

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Belarus

Lukashenka Speaks on Independence Anniversary

LD2807113695 Moscow INTERFAX in English 1005 GMT 28 Jul 95

[FBIS Transcribed Text] MINSK, July 28 (INTERFAX-WEST) — "Belarus has paid a dear price for its independence," said its President, Alyaksandr Lukashenka, speaking Thursday evening [27 July] on national television on the fifth anniversary of Belarusian independence, which was celebrated that day.

He believes that "the essence of the state's independence is, first of all, in its economic independence." "However, losses for Belarus have appeared most considerable in this area," he said.

At the same time, Lukashenka said that "the signs of economic progress in the republic are evident." He is sure that the republic will find a way out of "this difficult situation."

Among the republic's achievements, the Belarusian leader noted "its active foreign policies" which "helped that in the international arena we are recognized and the world community has understood that it can do business with us." "If the West pursues a stable policy towards Belarus, which it constantly declares, we shall find a way out of the crisis faster," he said.

Lukashenka believes that "independence is an element of unity, not disunity." Speaking about the CIS's future, Lukashenka said that he "supports the CIS community being built on the principle of the European Union, in which the relationships between its members are firmer than between the republics of the former Soviet Union."

The president admitted that the republic's leadership had been unable to avoid many mistakes, "though Belarus had managed to preserve peace and stability," said Lukashenka. He is sure that "people can forgive the president everything: high prices and low wages, but they will never forgive the destabilization of the situation."

Hryb Addresses Nation on Independence Day

WS2807093795 Minsk ZVYAZDA in Belarusian 26 Jul 95 p 1

[Address by Supreme Soviet Chairman Myacheslaw Hryb to the Belarusian people on the fifth anniversary of Belarusian independence; place and date not given: "We Happened To Live and Act at a Turning Point of History"]

[FBIS Translated Text] Esteemed Compatriots!

Five years ago — on 27 July 1990 — our Supreme Soviet adopted the Declaration of Belarusian State Sovereignty. A truly nationwide holiday thus appeared on the calendar — Independence Day. On behalf of the Supreme Council, its presidium, and myself, I earnestly and sincerely congratulate you upon this holiday! I wish you and your families and relatives success and achievements in your work and life!

In fact, the Declaration of Belarusian State Sovereignty became the first official document of our young, independent state, which had decided to introduce itself to the world community. At that time, five years ago, a new page opened in the history of Belarus, which all of us have to fill. We have to fill it with our creative work and everyday matters, achievements, and accomplishments. Our prosperity and the fate of the Republic of Belarus in general depend on whether they are important and fundamental.

By adopting the Declaration of Sovereignty, the Supreme Council did not become a pioneer, inventor. Just the contrary, of the former USSR republics, we were nearly the last one to pass a declaration of sovereignty after Russia, Ukraine, and other neighboring countries.

As always, the times in which we live and work will only be assessed and objectively defined with time, as the saying goes, in the years to come. Nevertheless, one can already say that we live at a turning point of our history — a point that will not be unequivocally and correctly assessed anytime soon, however. This alone should make us work and act responsibly, honestly, and conscientiously, primarily for ourselves and our descendants.

Quite a lot has been done in our country recently. The Declaration of State Sovereignty has been time tested and is on a true historical path: It initially had the status of a consultative law, and then it became a full component of the Belarusian Constitution. The Supreme Soviet, as the highest legislative body in our state, as well as the state as a whole, have thus lived and acted in accordance with it. Belarus has become a full participant in international relations, in fact proving its readiness and ability to equally, efficiently, and mutually beneficially cooperate with other countries. Over 100 states have recognized us, and we have already established diplomatic relations with a majority of them. And while literally a few years ago the Republic of Belarus was known only in the near abroad, the whole world is currently talking about us with respect, and increasingly high interest is being demonstrated toward the Belarusians. Our country has become a full member of a number of influential international organizations, which are carefully observing our state and willingly listening to our representatives'.

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We selected the path toward independence and sovereignty ourselves, of our own will. As a matter of fact, there was no other path. And difficulties and problems had to occur along this path, and they have occurred! First, this relates to problems related to the establishment of a fundamentally new independent economy and social relations. Add the revision of many material and spiritual values and overcoming of the old thinking stereotypes, and it becomes clear that it was impossible to live without new problems and difficulties.

Nonetheless, the Republic's leadership has managed to achieve the primary thing — to preserve the stability of public and political life. Thank God, there are no serious political conflicts within our society; members of various nations and nationalities live in peace and harmony. There are no confrontations among political parties and movements, and in accordance with a Supreme Soviet resolution, the Belarusians have not participated in any international or regional conflicts or disputes. And recent developments have confirmed that this is a great achievement of which one can and should not only be proud, but which one should also respect! Unfortunately, the economic situation in the Republic of Belarus is somewhat different. We are evidently lagging behind other countries in conducting economic reforms. Not only medium- size and small companies, but also Belarus' industrial giants are standing idle more often than operating — the plants, factories, and science and production amalgamations, with achievements of which we were proud in the past. Storehouses and other facilities are overfilled with products consumers do not want to buy. The world market was divided and partitioned a long time ago, and it is very hard to enter it with our products. Many companies lack components and raw materials required for full-fledged production. And again, there are coerced stoppages and difficulties with technological processes. As a result of this, there is no money for wages, and an overwhelming majority of our population live in poverty.

Construction projects have been frozen, including those essential for Belarus.

The transport, communications, and municipal sectors are operating with great difficulty. There are low tariffs on services on the one hand, and the population's insolvency on the other hand.

The situation in the agricultural sector is also difficult. There are many problems and unresolved issues in this area as well. Tribute should be paid to farmers, who managed to sow on time and efficiently; they have already prepared a great deal of fodder for the cattle-breeding sector by exerting literally heroic efforts. There are good forecasts for grain crops, which are already being harvested in the southern part of our country. Flax, potato, and other fields are also promising good crops. Despite the irregular payments of wages, shortages and poor condition of equipment and machines, as well as empty storehouses, farmers are working honestly and devotedly. And we thank them for this.

We, people from the Supreme Soviet, know on what and how the Belarusian people live. Frequent meetings with people, receptions of visitors, and the volume of the parliament's correspondence make it possible for me to be personally aware of all matters, problems, and unresolved issues. And as regards the situation in our republic, I would like to say the following.

Each one of us should currently increase the level of public responsibility, responsibility for everything and everywhere, no matter where one works! Managers should increase their responsibility for making decisions and implementing them. Workers, kolkhoz employees, villagers, servicemen, engineers, scientists, doctors, teachers, and representatives of all other professions should finally ask themselves: Am I doing a good job?! If we really want prosperity for ourselves, if we want to live better, everybody must work responsibly, at full swing, and without any delays and stoppages. People should have no doubts that they are able to improve their lives. There are ways to do that! There are also possibilities! The pace and scale of changes for the better must be accelerated and expanded, however, since they currently do not conform to our possibilities.

We should finally make correct decisions with regard to everything and in all areas: with regard to balancing the budget and adjusting people's wages so they receive real remuneration for work done by them; with regard to regulating taxes and granting independence to the commercial sector; and finally, with regard to invigorating economic reforms and transformations. For failures and defeats, we must finally make responsible everybody who either allowed or committed them intentionally. It is time to fully answer for inaction and maladministration at all levels!

It is no secret that, unfortunately, the highest Belarussian authorities currently have different opinions and assessments of certain issues, events, and situations. As everybody knows, this is not normal. The leaders should be above all of this! There are no unresolvable problems and irremovable barriers. All of us must do the primary thing — we must reduce the level of people's disappointment with their lives. To surrender in advance and admit one's defeat at the beginning of a matter are the rules of the weak and weak-willed. The final goal of any matter should be only one thing — victory. Therefore, only by settling our controversies and rejecting

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ambitions will we be able to unite people, improve the situation in society as a whole, and, finally, find a common path, which will lead our country out of the crisis. We have the ability to do everything.

Dear compatriots, I would again like to congratulate you upon this holiday, Independence Day!

Chyhir Addresses Rally on Economic Development

LD2707164195 Moscow INTERFAX in English 1319 GMT 27 Jul 95

[FBIS Transcribed Text] MINSK, July 27 (INTERFAX-WEST) — Belarus has laid firm foundations for economic growth, said Prime Minister Mikhail Chyhir.

Addressing a solemn rally held to mark the 5th anniversary of independence (on July 27, 1990 Belarus' Supreme Council adopted the Declaration of Independence) Wednesday, he said that in the first half of this year one-third of Belarus enterprises (about 600) increased the volumes of their outputs and sales.

"It would be a mistake to say that stability was gained thanks to the administrative methods of management, not free-market conditions," Chyhir said.

As for the foreign loans, the republic's leadership does all it can to prevent them from being "eaten up." Of the $182 million the government received, it spent $60 million on funding industrial projects which will recoup themselves and $20 million on repaying earlier credits; the remaining funds are in reserve.

The Prime Minister is confident that "labor staffs have acquired economic freedom, and now they will only have to produce, sell and earn depending on the quantity and quality of their work."

Ten Arrested in Independence Day Clashes in Minsk

LD2707193295 Moscow Radiostantsiya Ekho Moskvy in Russian 1500 GMT 27 Jul 95

[FBIS Translated Text] Independence day is being celebrated in Belarus today, and as our correspondent reports, there were clashes in Minsk between demonstrators and the OMON [Special Purpose Militia Detachment].

[Correspondent Aleksandr Stupnikov] At noon, demonstrators — supporters of the Belarusian People's Front — started to gather in the vicinity of Independence Day Square in downtown Minsk. Most of them were holding the former white, red, and white state flags. The OMON tried to disperse those gathered under the pretext that they were supposedly obstructing the pavements. Attempts to take the flags led to fighting. The OMON used truncheons. About 10 demonstrators were arrested and the chairman of the Belarusian National Front was beaten up. The OMON retreated after seeing that an angry crowd was gathering. The demonstrators then walked in a single file to the Yanka Kupala Park in Minsk, where the opposition organized their own independence day celebrations.

In line with the official program of the celebrations, a meeting of the top brass was also held in Minsk and leading Belarusian artistes threw a concert there. Outdoor parties are being held in parks and the president laid a wreath on Independence Square where the authorities had set up a guard of honor of children dressed in military uniform.

Aleksandr Stupnikov, Independent TV special correspondent in Belarus and Poland, specially for Radio Ekho Moskvy.

More on Independence Day Clashes

WS2807101595 Minsk BELAPAN in English 0935 GMT 28 Jul 95

[FBIS Transcribed Text] On July 27 a procession of the Belarusian People's Front's [BPF] supporters and all those who, according to its organizers, appreciate state independence took place, however, though it had been banned by the Minsk City Executive Committee. [sentence as received] The procession consisted of two parts. The first column about 200 people strong gathered on Independence Square one hour before the appointed time, organized spontaneously with a little help of the militia which at first forced the people to leave the square and go to the pavement at the Executive Committee building and then move along Skaryna Avenue to the Yanka Kupala park. In front of the column none of the BPF's leaders or the procession organizers were noticed. The column was headed by a militia major who refused to introduce himself and only said that the Front's leaders betrayed the people. During the procession the traffic rules were observed and public order was maintained. It was escorted by two cars and buses of special militia detachment. The procession come to an end at the Yanka Kupala monument about 1130 a.m., and all the time remaining before the beginning of a mass meeting scheduled for 1300 Minsk time [1000 GMT] its participants had a good time seeing a show by the folklore ensemble "Slutskiya Payasy."

About 1300 the second column, which greatly surpassed the first one in strength approached the park, Zyanon Paznyak, Halinka Vashchanka, Syarhey Navumchyk, Valyantsin Holubew, and other Belarusian Popular Front leaders, as well as representatives of some other

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political parties came to the monument to the outstanding Belarusian poet together with this column. By the beginning of the meeting, more than 1,000 people under white-red-white flags gathered on the square in front of the monument. At that time, journalists were informed that an incident occurred during the procession. At least three of its participants, including one of its organizers — Viktar Ivashkevich, were detained by the police only because they dared to hoist national flags. Nevertheless, mass repressions with regard the white-red-white flags were not observed while the column was moving.

At the rally — which was opened by People's Deputy Lyavon Barshchewski — Zyanon Paznyak, Nil Hilevich, leaders of the Party of Common Sense and the Belarusian Social Democratic Assembly, as well as common people delivered speeches. They spoke about the coexistence of two peoples in Belarus — the Belarusian and the Soviet people; about the Russian empire; the putsch of 12 April 1995; the president's promises which he never keeps; about the national symbols. The speakers compared the current situation in Belarus with that in fascist Germany during Hitler's regime. Speaking at the meeting, Popular Front leader Paznyak emphasized two tasks, which face society and Belarusian political forces in the period "when democracy, freedom of speech, and human rights are being trampled, when the regime is trying to destroy the estate." Among them are the consolidation of all social forces advocating Belarusian statehood and independence, and permanent orientation toward the Belarusian culture, which has a 1,000-year-old history, as well as the Belarusian religion and traditions." "Only the national idea, independence, human rights, and democracy, only the European way are also our way to the future," said Zyanon Paznyak.

Ambassador Fired For Criticizing President

MK2807094695 Moscow OBSHCHAYA GAZETA in Russian
No. 30, 27 Jul - 2 Aug (signed to press 26 Jul 95) p 2

[Report by Vitaliy Taras: "Ambassador Expresses Himself Undiplomatically"]

[FBIS Translated Text] There has been a diplomatic row in Belarus. Heorhyy Tarazevich, Belarus's extraordinary and plenipotentiary ambassador to Poland, was urgently summoned to the Foreign Ministry, where he was made familiar with the president's edict on transferring him to another job. Tarazevich believes that his dismissal was occasioned by his "undiplomatic" utterances in the press regarding some questions the president has put to a referendum. As Tarazevich has not been offered another job, he has decided to try his luck in the next round of the parliamentary elections this coming fall.

Economist Views Production Decline

WS2707135895 Minsk BELAPAN in English 1410 GMT 25 Jul 95

[Article by Doctor of Economics Uladzimir Kulazhenka: "Results Without Prospects"]

[FBIS Transcribed Text] The Ministry of Statistics and Analysis has tabulated results of the business activity of the country during the first half of the current year. There is no plain answer to the question as to what are these results, what they reflect and what their causes and consequences are. Firstly, because there was an unprecedented decline in volumes of production, secondly, because this embraced all spheres of the national economy and is the same in all regions of the country from Brest and Hrodna to Vitsiebsk and Orsha. The decline is collapsing. Its volume, if estimated by the GDP, totals 12 percent reduction as compared with the same period of the last year. Analysis of the statistical data creates even greater anxiety about the future, because the greatest reduction has been experienced by the investment sphere, and this will not help a speedy resolution of the crisis in hand. The volume of production in the machine-building industry has been reduced by 23 percent during the first half of the year. It is clear what this means for the future. There will be nothing not only to expand, but even to replace the worn basic capital. The production of building material has been reduced by 21 percent: bricks - by 28 percent, concrete - by 23.5 percent, glass - by 30 percent, linoleum - by 31 percent. What results may be expected from such an activity of the investment sphere during the period of half a year? Nothing positive. The volume of total investment has been reduced by 20 percent during the first half of the year as compared with the same period of the last year, and it may be foreseen that in the second half of the year this trend will remain, and is even likely to strengthen. An unprecedented reduction in the production of consumer goods is the second (after the investment sphere) negative result of the business activity during the first half of this year. This has embraced both non-foodstuffs (28.3 percent) and foodstuffs (23.5 percent). The crisis is more than evident. This is not to be explained by the broken interstate links, because a lot of raw materials for the production of these goods are taken from the Republic, and others are not difficult to purchase. If you have money - buy, pay and work. The greatest reduction in the sphere of production of consumer goods is that of light industry. The decline is simply disastrous - 42.2 percent. The production of knitted wear equalled 58.4 percent, of footwear - 58.4 percent, of children' footwear - 55.1 percent, hosiery - 70.4 percent as compared with the same period of the last year. This

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reduction may only be called a collapse. It is rather significant that although at the beginning of the crisis the situation in agriculture was not that bad and the rate of the decline was bearable, i.e. slow, so far the crisis in this sphere has caught up with that in industry and even outrun it in some branches. What has happened? According to the Ministry of Statistics and Analysis, there has been a sharp decline in the material base of collective and state farms. The number of combine harvesters has been reduced by 22 percent, flax pullers - by 26 percent, trucks - by 11 percent and tractors - by 9 percent as compared with 1990. These are only quantitative indices, and what about the quality? The material base wears and breaks, but the farms have no money to change it. During the first half of this year 2000 collective and state farms have purchased only 93 new tractors, 43 trucks, 12 combine harvesters and five winnowers. This is unprecedented. The productive flock is also referred to the basis capital, but is also decreasing sharply. During the first half of the current year the total number of meat cattle was reduced by 8 percent, swine - by 11 percent, sheep - by 33 percent and poultry - by 17 percent as compared with June 1994. The reduction of the head of livestock and poultry is one of the reasons for the decline in the main production of state and collective farms - milk and meat. During the last six months the production of milk and meat has dropped by 15 percent. As we see, the decline is by 3 percent more than that in industry. The milk yield from one cow has reduced by 150 kilograms. This has happened in the most favourable period for lactation in spring and summer. Every cow yielded 1,103 kilograms of milk as though it were a goat. We are increasingly slipping back to the annual yield of milk of 2,000 kilograms similar to 30-40 years ago. Due to bad care and feeding the loss of cattle has increased. During half a year 103,000 heads of meat cattle and 416,000 swine have been lost. According to the Ministry of Statistics and Analysis, there also are some positive data which bring not happiness, but a sad smile. In the description of the food industry it is stated that meat production plants have reduced their output of meat by 20.3 percent, sub-products - by about 10 percent, butter - by 12 percent, cheese - by 12 percent etc.

The following figure is unexpected - the output of alcohol production increased by 4.7 percent. As they say, there is vodka, do not worry, be happy. There are some positive data of the statistical report which tell of nothing, because they are artificially received. It is reported that 6.5 million tons of oil were processed by the oil processing industry which is by 17 percent more than in the same period of the last year. Correspondingly, the production of petroleum is up by 18 percent and that of diesel fuel up by 17 percent. It is held back that in the first half of the last year there was a sharp decline in the oil processing industry due to insufficient deliveries of raw materials. What is the production in this industry compared with?.. If we compared it with the zero the growth would be even larger. There were no substantial changes in foreign economic activity, first of all, in trade. Foreign trade circulation totalled 34.9 thousand billion [as received] rubles or $3.1 billion. The balance of foreign trade however remained negative. The deficit equals 3.5 thousand billion rubles [as received] or $274.4 million. The programme of urgent measures for the economy to exit the crisis planned excess of import over export totalling 12 percent of the GDP for September-December 1994.

The actual deficit of the trade balance totalled 12.8 percent of the GDP during the year. During January-June 1995 the deficit should have been 6 percent of the GDP, but it actually equalled 10.4 percent of the GDP. As we see, the state of the foreign trade is not improving, but worsens, and this is caused by the so-called stabilisation of the ruble rate. The crisis in production cannot not but negatively influence the living standard of working people. This is impressively proved by the fact that the retail goods circulation in June 1995 equalled only 64 percent of that in June 1994. This happened, because during the first half of the year the real income of the population has been reduced by more than one third, to 66.1 percent of that in June 1994. Consequently, Lukashenka's promises to carry out reform without a decline in the living standard remained unfulfilled. There is neither reform, nor protection of people from becoming poor. From whatever aspect we examine the data, the situation is worsening. If we take for example the figures of the commission of habitable premises, during the last half a year they have been reduced by two times as compared with the same period of the last year, and if figures in June of the two years are compared, the decline is almost three-fold. Losses of full working days in the industry totalled 17.1 million man-days and increased by 8.2 percent as compared with January-June 1994. They comprise 9.2 percent of the total of the working days. If added to official unemployment they would equal no less than 10 percent of the capable population. The results of business activity are really alarming and still give no hope for improvement in the future.

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Moldova

Opposition Considers Split Within PDAM 'Irrelevant'

AU2707123695 Chisinau INFOTAG in English 2030 GMT 26 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 26/7/1995 — Lidia Istrati, the chairman of the Christian Democratic Women's League, said that the split of the majority fraction is not a problem of paramount importance. On Tuesday [25 July] at the press conference she stated that the recent developments signal of political battles irrelevant to the grass roots.

The palace intrigues evolved in the atmosphere of impoverishment, especially acute in rural areas. In its struggle for power, central authorities overlooked the credibility gap revealed by the recent elections of local governments. Nobody is in control of the capital. Nobody is in control of the republic, stressed Istrati. According to her the withdrawal of 11 members of Parliament from the Agrarian Democratic Party of Moldova [PDAM] and its parliamentary fraction did not change alignment of forces in the Parliament. The last days of the session proved that the parliamentary authority continues to vote in unison. By way of exception the dissident group of 11 agrarians voted with the opposition on the Education Law. Lucinschi described presidential elections is a competition of political blocs. On the verge of elections authorities may consolidate into a block and distribute portfolios among themselves, said Istrati.

The vice chairman of the Democratic Congress, Mihai Ghimpu, did not deny that the opposition may lose some members for the new Party for Revival and Concord.

We descended from a totalitarian regime and inherited its people. Those who honestly supported our political guidelines and ideology will not leave, stressed Ghimpu.

He said that the withdrawal of 11 ex-members of the PDAM from the Parliament is against the Constitution.

The law on the status of members of Parliament would permit withdrawal if it did not contradict the Constitution. The Constitution masters supreme power. Agrarians continuously broke the Constitution and may try again. In any event, this is their internal problem and the opposition will not meddle in it. We've abstained from the votes on parliamentary leadership appointment, on the resigning of 11 PDAM members and will not vote for their withdrawal from the Parliament, said Ghimpu.

FPCD: Security Services Backing PDAM

AU2707132195 Chisinau BASAPRESS in English 1930 GMT 26 Jul 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 26/7/1995 — Moldovan security services are involved in the political dispute between the president and the Moldovan Agrarian Democratic Party (PDAM), being on the Agrarians' side, according to the Christian Democratic Popular Front [FPCD] publication TARA. In this respect it refers to a document of the Ministry of National Security which asserts that "as it were lately a lot of foreign agencies have become more active on the Moldovan territory." Wondering "why our security made such an excess of transparency" and what it means by "the intrigues of certain foreign forces to destabilize the socio-political situation in our republic," the author mentions that "they beat the air to show to everyone that Romania is involved. In fact there are two information departments in our republic: the Ministry of National Security and the Service of Guard and Protection. If Parliament loses control over the two, the rivalry between them can bring unpredictable damages."

Valentin Dulce, Security Ministry spokesman, told BASA that "all the accusations brought by the FPCD are groundless... The respective ministry is an out-of-politics institution and its operatives are not members of any political formation." Referring to the Security Ministry's documents quoted by the newspaper, according to which "the special services and frontier guards took measures to counteract the subversive actions of the foreign services destined to destabilize the socio-political situation in Moldova." Dulce specified that the document did not aim at any particular state. "But if Petru Bogatu, the author of this article, suggests that Romania is involved we'll take into account this information," Dulce added.

Gagauz Guardians Refuse To Hand Over Weapons

AU2707123595 Chisinau BASAPRESS in English 1930 GMT 26 Jul 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 26/7/1995 — The former guardians of the paramilitary "Bugeac" battalion of Vulcanesti district refuse for the time being to give over their weapons and ammunition. The governmental commission for disarming the former guardians and the representatives of the paramilitary formations held a meeting today, but they failed to come to an agreement, and postponed the negotiations until July 31. Sources in Vulcanesti said the guardians refused to give over their weapons, arguing that it was not Chisinau which had given them the weapons, and consequently it could not claim them. The same

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sources said Mikhail Kendigelyan, former chairman of the Supreme Soviet of the self-proclaimed Gagauz Republic, participated in the negotiations, trying hard to persuade the former guardians to give over their weapons, yet in vain. The representatives of Bugeac battalion said they were unpleased with the events of the last autumn, when a guardian was killed by the special services of the Moldovan Interior Ministry while being detained. The same services are blamed for the disappearance of the former commander of guardians in Vulcanesti, Vladimir Pavlis, in 1993. Local observers said the guardians could refuse to give over the weapons because of the absence of the former commander of the Bugeac Battalion, Ivan Burguji, who is on holiday.

Inflation Prevents Adoption of Dniester 1995 Budget

AU2707120695 Chisinau INFOTAG in English 2030 GMT 26 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 26/7/1995 — Dniester authorities has not yet approved of the budget for the current year. The source in Dniester Government attributed it to the upsurge in inflation and unpredictable economic situation.

According to the same, the government intended to approve of the 60 percent budget deficit. The quoted figure caused grieve doubts in the beginning of the year and the budget was not approved of. Dniester more than any other territory of the former USSR retains price control and continues to offset producers' expenses.

Social programs, health care, culture and education absorb 60 percent of the budget. Welfare and benefits take 11 per cent; 15 percent for irrigation; 10 percent for the armed forces; and 3 percent for governmental authorities.

Industrial enterprises provide 75 percent of inflow to the budget, one third of which supplies the textile industry. Dniester authorities plan extreme measures to upgrade its industrial potential — the main source of budget inflows.

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Kazakhstan

Icelandic Company Pays Off Debts of Mining Plant

LD2707111495 Almaty KARAVAN-BLITS in Russian 24 Jul 95 p 4

[FBIS Translated Text] The Icelandic Ayvedon [name as transliterated] company, which is managing the Sokolov-Sarbay mining production association, has entirely fulfilled its commitment to pay off the debts to the state and local budgets. With its help, 2.5 billion tenges were transferred to the treasury a few days earlier than the set timetable. The enterprise's floating assets alone currently amount to 1.8 billion tenges. In the first half of 1995, the workforce overfulfilled virtually all the plan indicators. Moreover, this took place at a time when the planned figures were 30 percent higher than in 1994, when the enterprise was in a feverish state, and when the drop in production was the highest in the association's entire history.

The news was announced at a ceremonial meeting of the workforce devoted to Metallurgist Day. The heads of the association and the managing firm were generous with their gifts that day. A thousand South Korean televisions and more than 300 cash bonuses were given to the best workers, while three lucky workers received the keys to new Volga cars. Nor were pensioners who used to work at the Sokolov-Sarbay association forgotten. They each got 1,000 tenges and an abundance of foodstuffs.

The enterprise has now regained its normal working rhythm. The unloved wage arrears have ended, there are no problems with supplies, and debts to suppliers and transport organizations are being paid. Thanks to the efforts of the Sokolov-Sarbay association's director general and Ayvedon it has been possible to maintain the social sector in full, continue building housing, and preserve jobs. This is all the more important since the whole infrastructure of the town of Rudnyy depends on the state of affairs at the association. The exodus of highly qualified personnel to Russia has stopped, too.

At the meeting the Ayvedon representatives officially reaffirmed their intention to invest in further development of the Sokolov- Sarbay association and its subdivisions. Although the contract forbids the firm to invest in management, people at the enterprise are sure that this matter will be sorted out in the near future. Many foreign investors, including the major Japanese corporation Nippon Steel, have shown an interest in various projects of the association. However, the Republic's government still has the final say.

The ceremonial meeting adopted an appeal to workforces and citizens of the Republic to participate in the forthcoming referendum and support the new draft constitution.

Constitutional Court Justices Assail Draft Constitution

MM2707130295 Moscow PRAVDA in Russian 27 Jul 95 p 2

[Report by Aleksandra Dokuchayeva: "Justices Criticize Constitution. Kazakhstani Draft Fundamental Law Put to Referendum"]

[FBIS Translated Text] Almaty — The new draft constitution is a retrograde step. That was the conclusion reached by six of the 10 Kazakhstani Constitutional Court justices headed by Chairman M. Baymakhanov — I. Rogov, A. Nurmagambetov, L. Basharimova, V. Malinovskiy, and S. Udartsev. In their view, the published draft notably reduces the number of citizens' rights and freedoms and distorts the principle of the separation of powers, while the concentration of power in the president's hands calls the republican form of rule itself into question.

The collective which drafted the latest constitution, comprising, as the president put it, the best forces of Kazakhstani juridical science, did not include Kazakhstani Constitutional Court justices. Like everyone else, they first saw the draft when it was published in the press 4 July.

The draft was not examined at the Constitutional Court session, and the justices' statement has no legal force. The justices reached their conclusion as ordinary citizens in fulfillment of the president's decree on nationwide discussion and sent it to the head of state.

The justices' statement, which has been published in the Kazakhstani newspapers, effectively takes the new draft apart bit by bit. In particular, they believe that:

"The concept of the new constitution is based on certain concepts that are incorrect from the standpoint of certain aspects of world legal science and the practice of constitution-building, and on a very narrow interpretation — in general democratic terms — of the rights and freedoms of the individual and the principles of a rule-of-law state."

"The proclamation of the Republic of Kazakhstan as a 'democratic, secular, rule-of-law, and social state whose highest value is people and their lives and freedoms' (Article 1) does not fully correspond to the contents of subsequent sections."

The Constitutional Court justices note the narrowing of the range of human and citizens' rights and freedoms compared with the 1993 constitution and the unjustifiable transfer of their regulation from constitutional to

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current legislation, which lowers the level and effectiveness of the protection provided for the status of the person and the citizen. In particular, a number of traditional political freedoms of citizens (peaceful meetings, rallies, demonstrations, and so forth) are enshrined not as freedoms but as rights — which presupposes other principles and mechanisms for their exercise (a procedure of permission rather than registration, for instance). The state's responsibility for ensuring certain social rights of citizens — to leisure and to free medical care — is reduced.

The inaccuracy of certain formulas which could lead to ambiguous interpretations by law-enforcement and other state organs and to an infringement of citizens' constitutional rights was also noted. Thus Article 39 of the draft introduces a norm deeming unconstitutional any action liable to disrupt interethnic harmony. It is quite obvious that any criticism of "distortions" in nationalities or language policy could thereby become illegal.

The constitutional justices warned that the draft makes it possible for higher state organs — particularly the president and his structures — to establish unlimited power. There was also criticism of the fact that the president's power functions are being expanded to an unprecedented extent, while his responsibility is being reduced. The president will avoid any criticism. He, like all other ex-presidents will enjoy full immunity, including special protection for his honor and dignity.

Analysis of specific provisions of the draft reveals a significant increase in the power of the executive accompanied by a sharp weakening of the power of the representative authorities and the judiciary. The draft sharply narrows the bounds of constitutional oversight and limits the abilities of the Constitutional Court.

The Constitutional Court justices are convinced that constitutional reform should proceed on the basis of the standards achieved by the 1993 constitution and move toward expanding the rights and freedoms of the individual and strengthening democratic institutions. In this connection the model proposed for the Republic of Kazakhstan does not, in their view, fully square with a democratic, rule-of-law, and social state and requires substantial reworking. The Constitutional Court justices expressed readiness to take part in that work.

Almaty Protestors Attack Nazarbayev's Draft Constitution

LD2707193595 Moscow INTERFAX in English 1501 GMT 27 Jul 95

[FBIS Transcribed Text] ALMATY, July 27 (INTERFAX) — Protesters at a rally called by the Slav Lad movement on Thursday [27 July] attacked the presidential draft of a new constitution saying they might boycott a referendum on the new basic law.

A crowd of about 60 people were involved in the authorized rally also backed by members of the local Russian community, trade unions, Communists and Social Democrats and other parties and movements.

Lad leader Aleksandra Dokuchayeva who is strongly opposed to the proposed constitution weighed heavily in favor of the head of state said it was unacceptable both in essence and procedure.

She said that it was a step back from the existing one because of curtailing human rights and civil freedoms and failing to account for issues such as dual citizenship and recognition of Russian as an official language.

The protesters also demanded a reinstatement of the Supreme Soviet (former parliament) which was dissolved nine months before expiring later this year. The opposition movement called for a three-month extension of the public discussion of the draft and publication of alternative ones.

Lad believes the new basic law must be adopted by a constitutional assembly of representatives of all parties and movements and threatened to boycott the referendum unless their proposals were accepted.

Farmers Congress Meets, Addresses Difficulties

LD2707153395 Almaty Kazakh Television First Program in Russian 1100 GMT 27 Jul 95

[FBIS Translated Text] The congress of farmers of Kazakhstan opened today in Almaty. Marina Guslyarova reports.

[Guslyarova] The congress of the Peasants' Union is taking place in the most complicated period of the agricultural sector's transfer to market relations. The delegates noted that the main reason for difficulties arising is that market structures are undeveloped, the legislative basis is imperfect, and the decisions being adopted are inconsistent and indeterminate.

A decline is being experienced not only in small villages, which have no prospects, but also in big ones and farming centers.

In the view of the chairman of the Peasants' Union, Kashkinbay Zhanatov, the agricultural sector is up to its eyes in debt. In this connection the congress considered it reasonable to transform the Peasants' Union into the Agrarian Union, and to give it the status appropriate to the spirit of the developments taking place.

Prime Minister Qazhygeldin took part in the congress.

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Action Sought on Semipalatinsk Pollution

95WN0224A Novosibirsk SOVETSKAYA SIBIR in Russian 14 Jul 95 p 2

[Letter from SOVETSKAYA SIBIR reader with reply by R. Notman, science correspondent: "Will the Benefits Ever Come?"]

[FBIS Translated Text] In January 1994, on the instructions of the residents of the Dubrovskiy and Yegoryevskiy rural soviets of Maslyaninskiy Rayon, I asked the editorial office to conduct an investigation into the degree of damage inflicted on the population of our vicinity by the nuclear tests at the Semipalatinsk test range. And afterwards to discuss the investigation in the newspaper and answer the following question: "Will the territories of the Dubrovskiy and Yegoryevskiy rural soviets come under the action of Edict No. 2228 of the President of Russia of 20 December 1993 (the question concerns benefits), and in general will assistance be rendered our people for medical treatment and subsistence?"

We are grateful to the SOVETSKAYA SIBIR editorial office, and especially to R. Notman, who has given us a lot of attention in the newspaper. But under the circumstances that set in at that time, the newspaper was unable to answer the questions posed. And the readers were left dissatisfied, although neither the editorial office, nor the author of the article that talked about our situation are to blame.

But the situation has changed now. We request that you recount in detail what has been done on this question and provide a full clarification in answer to the questions that were raised at that time and that are now being emphasized.

After reading R. Notman's article, residents of the Dubrovskiy rural soviet wrote several times to the department of letters and citizens reception of the administration of the president of Russia, of the government, and of the minister of civil defense, emergencies, and natural disasters. We learned from the answers that important research work had been conducted on the aftereffects of nuclear explosions, that scientific bases were provided, etc. But this does not make it any easier for our residents.

A large number of the old generation (and, indeed, of the one that followed it) have already died here from cancer. Recently, Anna Ivanovna Kubyshev died in terrible torment without anesthetization. She worked for more than 40 years as a machine operator, and growing and harvesting grain all of her life. Hundreds of thousands of tonnes of grain went through her hands. What a horrible death!

Dairy maid Aleksandra Izvarova became blind (as a consequence of nuclear tests). During more than 40 years of work she milked a whole river of milk. But now she is very thin, and it is terrible to look at her, but there is no kind of....help. I can cite more than 200 such examples.

People in our localities especially suffered from the nuclear tests. Meeting the first obstacle (Silver Fir Mountain and Bear Hill), lethal waves were reflected back and fell on people in the foothills of the Salairskiy mountain ridge. And what was the result?

One generation has already died. A second is dying. And now the third has started to die. Many doctors and researchers came to us from Novosibirsk and Moscow. And they all saw still living but very ill people. These specialists promised to come back in March or in May to ascertain how people from the second and third generations suffered from the tests. But no one has come back as yet. People are dying, they are not getting help, and they have nothing with which to buy medicine. Rumors are making the rounds that our government has allocated (and not just once!) resources for our oblast in order to help those who suffered from the tests. Are these rumors correct? Will we ever get the benefits and help?

[Signed] A. Ivakina, on instructions of the residents of Dubrovskiy and Yegorevyevskiy rural soviets. Science Correspondent's Commentary

It is hardly likely that my answer will fully satisfy the readers of our newspaper from Maslyaninskiy Rayon. If for no other reason than that it is stated in the recently adopted decree of the government on measures for resolving urgent problems and the stabilization of the situation in our oblast:

"....to ensure the conduct of scientific analyses on the territory of Novosibirsk Oblast associated with ascertaining the degree of influence of the many years of nuclear tests" on the situation in our region. And then based on the acquired results, to develop a series of measures to improve the health of the population and the socioeconomic development of population centers in the zone that was exposed to radiation activity."

As you see, it has still only been proposed "to ensure and to develop." As if no analyses were conducted, although, of course, we did start them in our oblast with a great delay. In my opinion, it is possible to introduce benefits for residents of the Dubrovskiy and Yegoryevskiy rural soviets, being guided solely by the terrible medical statistics. But it is very difficult to prove what the woman-machine operator died from—

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from many years of overwork, from radiation, or from both together?!

We have written several times of late (in Barakhtin's correspondence, in reviews from the oblast ecological conference, and in articles) that the substantiations and even the documents have been prepared and it is time to arrive at a government decision. The snail is moving—when will it arrive? It is extremely difficult to extract resources from a half empty treasury even for those who are dying. The authorities believe that there are not sufficient grounds for a final decision. But rumors are circulating and, it is said, the money has been allocated but has disappeared somewhere.... I do not know. I do not intend to confirm or refute them. I know only one thing: For the initial analysis of the effects of the nuclear explosions, 300 million rubles were allocated to our oblast. Tghis sum was divided in half between the Siberian Department of the Russian Academy of Medical Sciences and Gosatomnadzor [State Committee for the Supervision of Nuclear and Radiation Safety]. But this was only preliminary work. It is insufficient for the adoption of a decree of the government. It is still impossible to examine dosage on its basis—whether it exceeded the permissible effect of radiation on a human being or not. In autumn of this year final analyses will be conducted which, we hope, will underlie the decree. But for the time being the resources for the conduct of these analyses have only been promised. In reality, they do not exist yet. However, we will remain patient, esteemed readers from Maslyaninskiy Rayon. You expected more.

Kyrgyzstan

Akayev Signs Cooperation Agreements in Southeast Asia

LD2707191595 Moscow INTERFAX in English 1641 GMT 27 Jul 95

[From the "Presidential Bulletin" feature by Nikolay Zherebtsov and Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] A series of agreements on bilateral cooperation were signed between Kyrgyzstan and Southeast Asian states during Kyrgyz President Askar Akayev's visits to Indonesia, Malaysia and the Philippines from July 17 to 26.

From all the countries of Southeast Asia, Malaysia is of the most interest to Kyrgyzstan, presidential spokesman Kamil Bayalinov told a news conference in Bishkek Thursday [27 July]. Malaysia is not only the most developed country in the region, but it also "has wide experience of creating a favorable climate for attracting foreign investment," he stressed.

He said that Malaysian leaders were prepared to invite Kyrgyz representatives who would study the experience of reforms in the country. According to Bayalinov, the government of Malaysia will actively promote trade and economic cooperation with Kyrgyzstan.

The Kyrgyz delegation met with top officials of the Asian Bank for Reconstruction and Development and they reached an agreement that the Bank would grant Kyrgyzstan a $40 million loan, said Bayalinov. In addition, the Bank will finance various projects in such spheres as agriculture and providing equipment for Kyrgyz education centers, he said.

The spokesman also said that agreements were signed with the Chambers of Commerce and Industry of Indonesia and Philippines.

Funds Secured on President's Asia Trip

LD2707195895 Bishkek Kyrgyz Radio First Program Network in Russian 0500 GMT 27 Jul 95

[FBIS Translated Excerpt] The official visit of Kyrgyz President Askar Akayev to the countries of southeast Asia has finished.

Yesterday, the official delegation, which included Minister of Foreign Affairs Roza Otunbayeva, Acting Finance Minister Kemelbek Nanayev, Askar Sarygulov, chairman of the State Committee for Investments, and (Perfilev), chairman of the Chamber of Trade and Industry, arrived at Manas airport. [passage omitted]

Kamil Bayalinov, the head of the president's press service, spoke about the circumstances of the visit and its results.

[Correspondent] First of all, on the results of the visit and on what agreements were achieved in which areas.

[Begin Bayalinov recording] Well, the results of the visit were that we opened up the countries of southeast Asia for ourselves and appropriately, the countries of southeast Asia opened themselves up to us. Well, if we sum up the [word indistinct] results of the visit, then [words indistinct] an additional, above the norm, $40 million, which is being allocated to various sectors of the national economy by the Asian Development Bank. This is the million [words indistinct]. I must say that it was expected at the end of the visit, we expected that the Asian Bank [words indistinct]. I think this trip was very successful. [passage indistinct]

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Parliament Amends Law on Foreign Investments

LD2807114095 Moscow INTERFAX in English 1005 GMT 28 Jul 95

[FBIS Transcribed Text] BISHKEK, July 28 (INTERFAX) — The People's Assembly of Kyrgyzstan's two-house parliament met in session Friday [28 July] to considerably amend the law on foreign investments.

Foreign investors will have more privileges and be able to invest in any enterprises and ventures not running counter to Kyrgyzstan's legislation.

Foreign investors are allowed to attract juridical persons and individuals, including foreign ones, on a contract basis, to pay them in hard currency, take part in all types of privatization, provided they meet the restrictions and conditions established by Kyrgyz laws and purchase real estate on the same conditions as Kyrgyzstan's juridical persons and citizens.

Apart from that, foreign investors would be allowed to use land and other natural resources on lease contracts concluded under Kyrgyz laws. They are guaranteed the repatriation of capital and the free export of profit.

State Oil Company Accused of Tax Evasion

LD2707115995 Bishkek ASABA in Kyrgyz 21 Jul 95 p2

[Unattributed report: "Another Deputy Has Fallen Into a Trap. Is Kudaybergenov Afraid of God?"]

[FBIS Translated Excerpt] Kamchybek Kudaybergenov is the chairman of the board of the Kyrgyzmunayzat [Kyrgyz oil] joint-stock company. What else is he besides this? He was ex-speaker Medetkan Sherimkulov's challenger in the elections to the Supreme Council. Grave shortcomings have now been uncovered in the financial and economic activity of the enterprise he heads.

The Kyrgyzmunayzat corporation evaded payment of profit taxes due to the state by groundlessly declaring that it had paid higher prices for petroleum products than was actually the case.

In the first quarter of 1994 the corporation completed a forged document, which said that the corporation had purchased 570.3 tonnes of petrol at 4,220 soms each from the Ala Too ATS company. In fact, this petrol was bought from Krasnovodsk [Turkmenistan] at 1,600 soms a tonne. As a result, 456,200 soms of profit were concealed and pocketed without being declared.

The same corporation did a deal under a trilateral agreement with the "Kalmykiya" company and the Kyrgyzenergoholding [Kyrgyz power holding] company and 1,266,900 soms were not transferred to the budget.

From 26 May last year the Nektar small enterprise in Bishkek used 525,500 soms belonging to the Kyrgyzmunayzat corporation with no strings attached, and the corporation registered Nektar's debt as a debt of its own so as to evade tax.

The corporation sent goods to the value of 8,726,000 soms to the Kazkyrgyzsenim joint venture in Almaty and received in return petroleum products worth only 1,742,900 soms. Perhaps somebody will be using the remaining 5,102,600 soms. [passage omitted]

Last week a government meeting was due to consider the issue of dismissing Mr. Kamchybek Kudaybergenov from his post for the shortcomings in his work referred to above. However, the matter was postponed under the pretext that he was ill.

According to people who have inquired into the matter, he has two buttresses: the first is a government bigwig on the seventh floor of the White House [Kyrgyz government house] and the other is his parliamentary immunity.

Uzbekistan

Karimov, Chernomyrdin Outline Signed Accords

LD2707170695 Tashkent Radio Mashal in Uzbek 1000 GMT 27 Jul 95

[FBIS Translated Excerpt] Good afternoon, dear listeners! This morning President of Uzbekistan Islam Karimov and Russian Prime Minister Viktor Chernomyrdin held one-to-one talks at a residence on the outskirts of our capital. At the meeting the two sides discussed issues relating to the further development of the traditions of historical friendship and cooperation between the two countries. [passage omitted]

Also today, talks between President Islam Karimov and Russian Prime Minister head Viktor Chernomyrdin took place at the capital's Friendship Palace with other delegation members present. President Karimov told the high-ranking guest about the social and economic reforms being carried out in the republic. Viktor Chernomyrdin, in turn, also said that Russia views with great interest the reforms being carried out in Uzbekistan. Developing cooperation with Uzbekistan, which has great potential in the economy, industry and other areas, will be of advantage to us, Viktor Chernomyrdin said. Principally, we need to develop and strengthen cultural relations between the two states and to secure the stability of mutually friendly ties between the two nations.

A memorandum on the further strengthening and development of cooperation between the two countries and accords on the development of economic cooperation

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were signed at the end of the talks. The accords were signed by President Islam Karimov of the Republic of Uzbekistan and Russian Prime Minister Viktor Chernomyrdin.

Following this, Islam Karimov and Viktor Chernomyrdin met journalists from the republic and abroad. President of Uzbekistan Islam Karimov said the following at the news conference:

[Begin Karimov recording, in Russian] Here in Uzbekistan we consider Russia to be a great power, our longstanding and reliable partner, and a guarantor of stability and peace in the Central Asian region. Do I need to repeat this concept again? I would like to say once again that here in Uzbekistan we view Russia as a great power, our old and reliable partner, and a guarantor of stability and peace in the Central Asian region.

Russia is a country with tremendous potential and opportunities. We are going to develop comprehensive relations with it further both at the interstate level, and on the basis of direct bilateral ties. Uzbekistan is seeking cooperation with Russia in issues involving integration within the CIS, and principally in economic integration. To this end I would like specifically to underline the importance of the Russian-Uzbek documents signed today, which favor the expansion and extension of our mutually beneficial cooperation.

I will name just the principal and main documents:

— the memorandum on the comprehensive development and expansion of cooperation between the Republic of Uzbekistan and the Russian Federation;
— the agreement between the government of the Republic of Uzbekistan and the government of the Russian Federation on the basic principles and main areas of economic cooperation in 1996-1997.

At the intergovernmental level, the following agreements have been signed involving the government of the Republic of Uzbekistan, the Central Bank of the Republic of Uzbekistan, the government of the Russian Federation, and the Central Bank of the Russian Federation:

— on measures to ensure the mutual convertibility and stabilization of the exchange rates of the Uzbek som and Russian ruble;
— to establish an international radioastronomical observatory in Sufa, Dzhizak Region;
— an agreement between the government of the Republic of Uzbekistan and the government of the Russian Federation on cooperation in higher education;
— an agreement between the government of the Republic of Uzbekistan and the government of the Russian Federation on cooperation in fighting crime and in other fields to guarantee public security;
— an agreement between the government of the Republic of Uzbekistan and the government of the Russian Federation on setting up a Russian-Uzbek textile holding company.

There are a great many similar areas where we can set up joint financial and industrial groups to resolve very important economic issues, on the basis of which we can build our relations both in politics and in the intellectual field.

Furthermore, our Foreign ministries have signed a cooperation program between the Ministry of Foreign Affairs of Uzbekistan and the Ministry of Foreign Affairs of Russia.

In our opinion, the adoption of this package of documents is an important step along the path toward the development of mutually beneficial ties between enterprises in various economic sectors. We have spoken in favor of further deepening trade and economic relationships, promoting integration processes, eliminating obstacles in bilateral trade, and creating a favorable legal regime for carrying out economic cooperation.

Uzbekistan has expressed its desire — and this has met with support in the Russian delegation — to join the single customs union, meaning to accede to the document signed by Russia, Belarus and Kazakhstan.

I should like to note with satisfaction that in the talks that have just been held, our views and those of the head of the Russian Government, esteemed Viktor Stepanovich Chernomyrdin, were absolutely identical or very close to one another on many aspects of international life and on certain regional issues, such as the maintenance of stability in our region and the stabilization of the situation in Tajikistan and Afghanistan.

There is no doubt that the visit by Russian Prime Minister Viktor Stepanovich Chernomyrdin to Uzbekistan has proved successful. The Uzbek-Russian agreements signed during this visit will serve the mutual interests of both states for the benefit of the people of Uzbekistan and the Russian Federation. [end recording]

After that, Viktor Chernomyrdin, the chairman of the Russian Government, took the floor.

[Begin Chernomyrdin recording, in Russian] Esteemed Islam Abduganiyevich Karimov, esteemed ladies and gentlemen!

Today an interested and profound exchange of views on a wide range of issues took place in the course of the

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meetings and talks with President Islam Abduganiyevich Karimov of the Republic of Uzbekistan, which he has just spoken about.

We have informed each other about the economic situation and domestic politics. We have thoroughly reviewed issues concerning our bilateral relations and cooperation between the two countries, both within the framework of the CIS, and on a wider scale. International issues were also discussed, including the Central Asian region.

We once again confirmed the invariability of the policy pursued by Russia and Uzbekistan to develop multilateral and close cooperation. It is our joint position that this line corresponds to the vital and long-term interests of our countries' people and serves the cause of peace, stability, and regional security.

It is obvious that the existing potential of our cooperation is, of course, not being used to its full scope at all. I think that we have come to the joint conclusion that additional measures are needed, which will make it possible to raise the level of bilateral ties to a higher and a qualitatively new level. We will step up joint efforts to further deepen economic and trade relations, to promote the integration processes and eliminate obstacles in the field of mutual trade, to create a favorable legal framework in order to carry out economic cooperation, as well as to reach mutual understanding.

Reestablishing traditional production and economic links to the utmost possible, maintaining and developing production cooperation, establishing and running joint ventures and — of particular importance — setting up financial and industrial groups, about which President Islam Abduganiyevich spoke in such detail, is in the interests of both states and their citizens. [end recording]

After that, President Islam Karimov Russian Prime Minister Viktor Chernomyrdin replied to the many questions put by foreign and home journalists. The official visit to our republic by Russian Prime Minister Viktor Chernomyrdin is continuing.

Moscow Shares Views on Tajik-Afghan Problem

LD2707161295 Moscow INTERFAX in English 1319 GMT 27 Jul 95

[FBIS Transcribed Text] TASHKENT, July 27 (INTERFAX) — Russian Prime Minister Viktor Chernomyrdin and Uzbek President Islam Karimov paid much attention to Central Asian problems at their talks in Tashkent today, saying that they had "nearly the same point of view on the Tajik and Afghan issues," reports an INTERFAX correspondent.

Karimov said he shared the belief of the Russian leaders that the situation in the region certainly affected Russia's interests.

The two leaders said cooperation between Russia and Uzbekistan for settling conflicts in Tajikistan and Afghanistan was aimed at extinguishing "these hot spots" as soon as possible and achieve peace and inter-ethnic accord.

With regards to this problem, Chernomyrdin said the problems concerning a peace settlement in Tajikistan must be resolved only through talks. He said the problem must first of all be resolved by the Tajik leadership themselves, and only through talks which must involve the opposition.

Karimov said only "short-sighted politicians may think that somebody's troops can protect them while they are sitting in Dushanbe and waiting for the problem to be resolved." He said the Tajik government must pass from empty-worded declarations to concrete moves at the next round of the inter-Tajik talks. Karimov said the opposition should also try to find more flexible approaches to this problem.

Karimov Seeks Customs Union With Moscow, Minsk, Almaty

LD2707113395 Moscow ITAR-TASS in English 1014 GMT 27 Jul 95

[By Gennadiy Yezhov]

[FBIS Transcribed Text] TASHKENT July 27 (ITAR-TASS) — Uzbekistan has expressed a desire to join the common Customs Union of Russia, Belarus and Kazakhstan, President Islam Karimov of Uzbekistan stated here on Thursday [27 July] during talks with Russian Prime Minister Viktor Chernomyrdin, who is currently in the republic on an official visit.

The fact that Uzbekistan signed intergovernmental and interbank agreements with Russia today on measures to ensure the mutual convertibility and stabilisation of the rates of the Uzbek som and the Russian ruble may be regarded as one of the first steps towards the creation of a common customs space, Karimov emphasised. The president pointed out that Uzbekistan seeks to cooperate with Russia in matters concerning integration within the CIS framework.

Karimov reaffirmed that Russia remains his country's main economic partner. Possibilities in the trade-and-economic sphere gain in scope at the present stage of cooperation between the two countries. Last year Uzbekistan supplied 330,000 tonnes of cotton to Russia in exchange for petroleum, gas, rolled metal, pipes and lumber.

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Despite the existence of mutual debts, Russia remains Uzbekistan's strategic trading partner, primarily on the cotton market. Russia owes more than 100 million U.S. dollars to Uzbekistan for the supplied cotton, which is comparable with Uzbekistan's external debt to Russia.

The mutual debts issue, according to informed sources, was one of the subjects of discussion during the one-on-one meeting between the Russian premier and the Uzbek president who also discussed international and regional issues. Karimov's and Chernomyrdin's position on those issues fully coincided or were very close.

The president of Uzbekistan, in his remarks at talks between Russian and Uzbek delegations in a broader format, emphasised that his country was prepared to consider and implement projects to establish free economic areas on the territories of the two countries with the participation of Russian, Uzbek and other capital.

The founding of a Russian-Uzbek textile holding company and the formation of a Russian-Ukrainian-Uzbek consortium to produce the newest AN-70 plane were cited as an example of the intensification of bilateral cooperation. The holding company had been initiated by the Ivanovo region administration and the Yakovlevsky textile holding on the Russian side and the Uzbekleggprom Light-Industry Committee on the Uzbek side.

At the same time Uzbekistan will soon fully provide itself with domestically produced oil and grain which are so far purchased in Russia, a Russian delegation source has told ITAR-TASS.

If Russia allows itself to be edged out of the Uzbek cotton market, where foreign firms, Turkish ones, in particular, actively operate already now, this would be fraught with a further loss of positions in reciprocal trade.

President Karimov Sets Up Business Fund

LD2707132495 Tashkent NARODNOYE SLOVO in Russian 27 Jul 95 p1

[FBIS Translated Text]

Decree by the President of the Republic of Uzbekistan on Setting up the Fund for the Support of Private Enterprise and Small Businesses (Business Fund).

With the aim of supporting enterprise activity, creating the necessary conditions for the development of private enterprise and small businesses and increasing the production and financial potential of the non-state sector of the economy in the regions, I decree:

1. Approval of the proposal by founders of the fund to promote the development of small and medium-sized businesses to set up the Fund for the Support of Private Enterprise and Small Businesses (Business Fund) on the basis of the above fund, in the form of an open type joint-stock company with local territorial branches.

2. Note is to be taken that the Business Fund, in accordance with its statutes is a non-state, specialized organization which supports private enterprise and small businesses through:

— financing investment projects on the basis of credits granted, including those with easy payment terms, to private entrepreneurs and small businesses;
— participating in putting together the authorized capital of private enterprises and small businesses;
— granting technical assistance to private entrepreneurs and small businesses in the form of consultative and information services.

3. The sources of the Business Fund's resources are to be defined as the following:

— fifty percent of returns from the sale of state property and dividends to the state from the activities of joint-stock companies with the involvement of state property;
— ten percent of the funds of the Employment Promotion Fund;
— funds of legal persons who are residents of the Republic of Uzbekistan;
— funds of foreign legal persons and international financial organizations.

4. It is established that:

— the above funds are to be acquired by the Business Fund on a repayable basis and accumulated in its settlement account in Uztadbirkorbank. The same settlement account includes funds of the authorized capital;
— allotment of credits by the Business Fund is to be carried out through Uztadbirkorbank, provided borrowers have an insurance policy issued, as a rule, by the Madad insurance agency.

5. With the aim of state support for the Business Fund, the Ministry of Finance of the Republic of Uzbekistan is to earmark 100 million soms to form the starting capital and implement the authorized activities of the Business Fund.

6. The Business Fund is to be exempted for three years from the date of its state registration from paying taxes, as well as obligatory payments established by legislation, provided that the funds freed up are channelled towards increasing the Business Fund's capital and its development.

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7. The decree by the president of the Republic of Uzbekistan of 21 July 1993 on setting up the fund to promote the development of small and medium-sized businesses in the Republic of Uzbekistan is to be considered null and void.

8. The Cabinet of Ministers has a week in which to pass a resolution to implement this decree.

[Signed] President of the Republic of Uzbekistan Islam Karimov. The city of Tashkent, 26 July 1995.

Economic Performance Viewed as Success

LD2807094995 Tashkent PRAVDA VOSTOKA in Russian 15 Jul 95 p1

[Article by Anvar Ziyo of the Uzbek Information Agency: "Uzbekistan in the dynamics of transformation"]

[FBIS Translated Excerpt] The experience of carrying out economic reforms in former socialist states shows that reform cannot be implemented without a price being paid. Reforms mean the reconstruction of an old system, when industrial relations and the structure of industry are modernized, and basic funds are renewed on a large scale. Naturally, all of this causes a sharp decline in the production of goods, and is accompanied by additional expenditure of resources in substantial amounts. Therefore, when it comes to carrying out reforms, brilliant results cannot be achieved in a painless way, without a decline in output; it is out of the question. The task is to minimize the cost. It is precisely in this way that one may judge whether some particular variant of reform is viable, and whether an economic policy being pursued is constructive. How does Uzbekistan look in this respect?

The most comprehensive indicator showing the state of an economy is the level of real gross domestic product. If this level is assumed to be 100 per cent in 1990 — the last year when the economies of the socialist countries were still in a good state — then the picture in 1994 looks as is shown in the table below.

As is shown, former socialist countries can be divided into four groups with regard to the results of the reforms carried out. The first group consists of countries which have coped well with a decline in output, and where economic growth has accelerated. These are China and Poland. Here it should be noted that China's economy started growing before 1990, whereas in 1993 Poland's economy was still in decline. The second group of countries are those whose economies have deteriorated slightly, where output is somewhere between 75 and 85 percent (compared to the 100 percent in 1990). Hungary, the Czech Republic, Slovakia, Romania, Bulgaria, and Uzbekistan make up this group. The third group of countries are those where output has fallen by approximately 50 percent. They are Belarus, Ukraine, Russia, Kyrgyzstan, and Kazakhstan. Finally, the fourth group is made up of countries where the situation is extremely unsatisfactory — Armenia, Moldova, and Georgia, where output levels amount to 20 to 40 percent compared to 1990.

Gross domestic product index (for 1994, compared in percentage terms with 1990)

China:	155.8	Poland:	102.9	Hungary:	84.4
Uzbekistan:	83.3	Czech Republic:	82.3	Slovakia:	82.0
Bulgaria:	80.9	Romania:	76.9	Belarus:	63.7
Ukraine:	53.0	Russia:	52.8	Kyrgyzstan:	50.0
Kazakhstan:	49.9	Azerbaijan:	46.2	Armenia:	39.1
Moldova:	38.8	Georgia:	20.2	Finland:	92.0

Basic Conditions

To assess the effectiveness of reforms objectively, it is also necessary to take into account the conditions in which reform began. Thus, in comparison with other former socialist states, the eastern European countries have been much more successful in implementing economic reforms, which is largely due to the favorable situation there. Of all the states of the socialist camp, these countries had the most developed industrial potential, and they preserved wide economic links with Western Europe. They started market reforms as early as 1989, two years before the former Soviet states. Nevertheless, there has been no fundamental improvement in these countries' economies so far.

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Production, especially industrial production, is continuing to fall substantially. There has been a sharp decrease in housing construction. In the majority of these countries, except Hungary and Slovakia, primary capital investments are still limited, retail trade has not increased, and real per capita income has not increased. Inflation rates are falling only in the Czech Republic and Slovakia, and inflation is still quite high in all the other eastern European countries. Unemployment levels range from 5 percent in the Czech Republic to 25 percent in the Federal Republic of Yugoslavia [as published]. Employment is rising only in banking, the financial sphere, and the enterprise service sector. Despite such great expense, structural reform — the pivot of reform — has so far not been completed in any of the eastern European states, including the eastern lands of Germany.

The former Soviet republics began reforms in much worse conditions. Before reforms began there, industry was centralized to a large extent, administrative-command methods had taken root more deeply, the republics' economies were more tightly bound together by inter-territorial and inter-industrial cooperation, and were much more isolated from the economies of developed states. Moreover, as a result of the incompetent economic actions and measures taken by the last leadership of the Soviet Union (under President Mikhail Gorbachev), macro-economic disproportions became significant, and overall supply and demand became unbalanced. In 1987-1990, the rate of indicated wage rises was four times higher than that of increases in productivity, and bank credits rose twice as fast as national revenue.

All that led to an economy with latent inflation, which was suppressed only by a policy of freezing prices and the bank accounts of enterprises. However, after the new independent states were formed on the territory of the former Soviet Union, inflation was unleashed and became noticeable. As a result, in 1991 economic conditions for starting reforms were much worse than they were in 1986-1989. Under these conditions, all the former Soviet republics had to begin reforms with measures aimed at stabilization, unlike the eastern European countries, which began with systemic and institutional reforms.

The basic conditions in the newly formed states of Central Asia were even harder. Owing to the specific character of their development, they were most deeply locked into the economic complex of the entire USSR and were least open to the world economy. Because of this, they were badly affected by the severance of economic links. (The extent of the harm that the severance of economic links caused the whole economic situation is shown by the fact that destructive processes in the states which formerly constituted the Soviet Union — Finland's major trading partner — led to an 8-percent decrease in Finnish gross national product, despite the good state of Finland's economy as a whole.) In Central Asia, there is a need to tackle pressing problems posed by the fact that the economy is oriented toward the production of raw materials. It is also necessary to remove disproportions between the mining and refining sectors, to form and develop exports, and to integrate into the world economy.

Under these difficult conditions Uzbekistan, like other Central Asian states, has begun implementing fundamental economic reforms. Only by taking into account these conditions may one properly recognize the successes Uzbekistan has achieved in recent years, which singles it out from other post-socialist countries.

Factors in Success

To what are these successes due? To understand this, one should look back to the beginning of the reforms. After Uzbekistan gained state independence in 1991, its leadership pursued a policy aimed at building a strong democratic state with a socially oriented economy, and approaches were worked out for economic reforms. The following five principles, comprehensively formulated by President Islam Karimov, became the basis for the reforms:

The economy should be free of politics;
the state is the chief reformer;
the supremacy of the law in every sphere of life;
a strong social protection system;
gradual and consistent reforms.

After assessing all these principles, one may say that the reforms were based on a constructive and feasible approach resulting from pragmatism and commonsense. In the course of the reforms this approach was implemented in a consistent and purposeful manner, without swings from one side to the other on the spur of the moment, or a tendency to change suddenly as the political climate changes.

The course of economic reform in the post-socialist countries has given grounds for identifying two ways of implementing reforms.

First, priority is given to the liberalization of every aspect of the economy. The supporters of this approach believe that market relations are effective in themselves, and that one only has to introduce them by issuing a number of directives and decrees from above for the market to start functioning, for everything will be alright, and for market relations to improve the economy.

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Reforms were carried out in this way by Gaydar in Russia. Reforms in Poland and Turkey are also being implemented this way.

However, the results of these reforms show that they are carried out more or less successfully only if there is a fairly developed level of private ownership from the very beginning, which can serve as the basis for reforms.

The more the private sector develops in the economy, the more favorable is the effect of the liberalization of economic activity. That was the case in Germany and Turkey. Poland took the same path, as its private sector was better developed than those of all the other socialist states. However even there the "shock therapy" brought about substantial hardship, because of the private sector's rather limited development.

Therefore, in conditions of a fairly socialized and nationalized economy, in the early stages it is first necessary to create an appropriate base — a large stratum of proprietors — which can ensure the effective functioning of market mechanisms, and only then to talk about total liberalization. Restricting the state's participation in the economy before creating such a base is fraught with very destructive consequences, which can be seen in a number of post-socialist states. The state should therefore play a leading role in carrying out market reforms, especially in the early stages of reforms. This is the second way, which China, Vietnam, and Uzbekistan are following.

The Pace of Reforms

Uzbekistan set itself the goal of becoming a strong democratic state with a powerful and advanced economy, on the basis of its enormous potential. What needs to be done to achieve this?

First, to carry out ownership reforms, to denationalize the economy, and to create a large and powerful nonstate sector, that is to say to carry out so-called systemic reforms.

Second, to create the necessary conditions — a proper environment for market relations — that is to say, an appropriate legislative base and institutions, as well as the infrastructure of the market, to carry out so-called institutional reforms. Only after these two complex problems are resolved will it be possible to get down to carrying out the basic strategic tasks and to achieve the goal of reforms — the switch from the production of raw materials to the production of highly competitive finished goods, and replacing old industrial methods with advanced high-level technologies, that is to say, implementing structural reforms of the economy.

It is in this area that reforms should be carried out consistently. There has already been substantial progress in the area of systemic policy. The public sector predominated in the economy until 1991, but its proportion in the economy dropped to 61.9 percent by 1993, and fell further to 47 percent in 1994. The private sector is growing fast. It produced 13.1 percent of national income in 1993, and 21.6 percent in 1994.

However, much work still needs to be done in this area. For instance, in the first quarter of 1995, state budget revenues made up 45 percent of gross domestic product, and state budget expenditure made up 49 percent of GDP, which is very significant compared with other CIS republics, not to mention industrially developed countries. These figures show that the state and its institutions are still redistributing a large part of the public output.

Along with systemic reforms, institutional reforms are also being intensively carried out. The aim of institutional reforms is to create mechanisms in order to ensure that economic entities have access to all kinds of resources, including commodities, finances, and information. In this area there has been a gradual shift away from the centralized administrative distribution of resources via the State Supply Committee toward free trade on exchanges. There has been a transition to free (agreed) price-setting, without which market relations themselves are impossible. A system of commodity exchanges has been created.

Free access to financial resources was ensured by drastically reorganizing the whole banking-payment system, so that it could reach a worldwide standard of quality. Formerly, the function of banks was to distribute state funds, but now, figuratively speaking, they are turning into a circulatory system for market relations, ensuring the circulation of financial resources.

Uzbekistan practically had to start from scratch to form a stock market — the pivot of the reproduction cycle in a market economy — which would make it possible to channel the available funds into expanding promising output. The real estate market and stock exchange are the most important institutions of this market. Certain progress can also be seen in the development of the investment process. In theory, the welfare and future of the development of any society are determined by the proportion of consumption-accumulation to production. The higher the degree of accumulation, that is to say the more investments are made in main branches of output, the more successful the development ensured.

If there is much talk now about an "investment crisis" in most CIS states — that is to say fewer and fewer investments are being made in the development of

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output — then one can point to the fact that the share of capital investments in Uzbekistan rose from 17 percent in 1991 to 25 percent in 1994. This trend can plainly be seen on the building sites, where intensive construction work is going on, not only in Tashkent, but also in the provinces. House building makes up a substantial part of all construction work, which is also a kind of investment in the future.

Although the achievement of systemic and institutional tasks is a priority at certain stages of reforms, it still does not push the main task into the background. The main task is to carry out structural reforms. The government constantly focuses its attention on this task. State funds are being allocated for carrying it out, and foreign investments are also being attracted to it. Significant results have been achieved. Production of cotton finished goods has increased from 9 percent to 14 percent. The export share of raw materials has decreased by 14 to 15 percent, and the export of finished products increased proportionately.

There have been substantial changes in the import structure, in which the volume of consumer goods has decreased significantly, and the share of machines and technological equipment rose from 3-5 percent to 36 percent. Such changes in the import structure contribute to the further technological renovation of the economy, that is to say, they facilitate structural reforms. There has also been an increase in the production of consumer goods, and copper wire is now exported in place of copper rods, as is gold jewelry in place of gold ingots.

In order to carry out structural reforms, it is very important to put into operation such enterprises as the car manufacturing plants in cooperation with Daewoo and Mercedes, an electronics plant in cooperation with Daewoo, the oil refinery in Karaulbazar, and others. After assessing the pace of reforms, one may say that much success has been achieved, largely due to the fact that the reforms are being carried out gradually and consistently.

However, all the structural, systemic, and institutional reforms are being carried out not just for the sake of reform itself. Their aim is to make the whole economy more effective, and on that basis to raise the people's living standards. The situation in the power system and power resources are the key factors determining the effectiveness of the economy. An effective use of power resources and rational power consumption make it possible to increase their extraction for the needs of the economy. In that regard, the current situation in this sphere in the CIS countries is very revealing.

Gas extraction in percentage terms compared with 1990

	1990	1991	1992	1993	1994
Uzbekistan	100	102.7	104.9	110.3	115.7
Russia	100	100.3	100	96.4	94.7
Ukraine	100	86.8	74.4	68.3	65.1
Kazakhstan	100	111.3	114.1	94.4	63.4
Turkmenistan	100	96	68.5	74.6	40.5

For the period of 1990 to 1994, gas extraction decreased in every CIS country except Uzbekistan, where its volume increased by 15.7 percent overall. There have been even more appreciable results in oil extraction:

The pace of oil extraction in percentage terms compared with 1990

	1990	1991	1992	1993	1994
Uzbekistan	100	100	117.9	139	196.4
Ukraine	100	92.4	84.9	79.2	79.2
Kazakhstan	100	103.1	100	89 1	78.7

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	1990	1991	1992	1993	1994
Turkmenistan	100	94.7	91.2	86	71.9
Russia	100	89.5	77.3	68.6	61.2

These two tables plainly show the upward trend in fuel production in the Republic of Uzbekistan.

There has been another very important trend in livestock products output. In current conditions, when main market mechanisms based on a balance between supply and demand are in operation, any growth in the production of consumer goods is determined by the growing ability and willingness of the population to buy them. [passage omitted]

Against a background of decreasing livestock products output in the other CIS states, it is planned to achieve stable production of milk and eggs in Uzbekistan. Meat production has increased somewhat. [passage omitted]

There has been a substantial decrease in stockraising in all the other CIS countries, whereas in Uzbekistan numbers of horned livestock rose by 2 percent, numbers of cows rose by 8 percent, and sheep and goats rose by 6 percent in 1995, in comparison with 1994. These figures show that a turning point has come at last in the population's living standards — they are no longer in decline, and people can now afford high quality foodstuffs with a high calorific content.

The Human Factor

In speaking about the ongoing reforms, the human sphere and the human factor should also be noted. There has already been a significant change in the people's psychology during this period of reform. The dependency mentality, which was widespread recently, is now gradually becoming a thing of the past. People have become enthusiastic. They are seeking and finding new sources of income by intensifying their work and by using their time more rationally. Many people are trying out the enterprise sphere. More than 60,000 small- and medium-size enterprises have already been established. The following is a feature of the current situation: unlike in the socialist era, goods are currently no longer in short supply. Instead there are only shortages of money and time, although there was an abundance of the latter no so long ago. This actually shows that market relations are producing results and stimulating people, their aspirations, and sense of enterprise.

Structural changes are also taking place in the composition of personnel employed in the economy. A certain paradox can be seen here: A relatively large number of jobs are vacant while there is a shortage of staff. There is a shortage of professionals able to work in market conditions, and low-paid and low-qualified jobs are vacant due to the technologically moribund equipment, where hard physical labor is needed.

The ability of the population to pay for goods has also increased. The critical period of falling living standards is now over, because for the first time in recent months the purchasing power of an average wage converted into dollars has started to rise. Although there was no substantial increase in wages in May and June, their purchasing power increased by approximately 10 to 12 percent, as the unofficial exchange rate of the dollar dropped from 38 to 31 soms, thus approaching its official exchange rate. The average consumer basket began becoming fuller, although slowly. This increase is even more significant, because the prices of foodstuffs are now relatively low on the markets for seasonal reasons. This trend is linked to the strengthening of the som, which is due to the consistent measures taken by the government to achieve macroeconomic stabilization; it represents the first fruits of the effective solution of economic problems using market-oriented macroeconomic levers of influence and regulation. It was in support of this trend that the president recently issued a decree allocating up to $120 million to be traded freely on the foreign currency exchange, which will contribute to finally strengthening the national currency's exchange rate.

Guidelines

The large-scale economic development of the enterprise and the private sector will form the major resource for the further success of the reforms and improving the economic situation. Quite a lot of work has been done in this area this year. An effective system has been created for the state to support enterprise via the Business Fund's local branches in all the regions. However, as the last meeting of the Inter-Departmental Council noted, much work still needs to be done.

First, it is necessary to increase the legislative protection of the rights of entrepreneurs in order to defend them from bureaucratic impediments.

Another very important task is to develop export-oriented industries and to pursue an export-oriented economic policy, because this is the most effective and swiftest path of integration into the world economic system, a path for tackling numerous economic problems

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in the optimum manner, a path which will make it possible to carry out the key tasks of structural reforms and the technological renovation of the economy in a short time and most effectively. There is also a need to further improve the legislative base and to work out a package of sector-based programs in order to realize the republic's immense export potential.

The consistent and purposeful tackling of these problems, in the same constructive manner which led to the problems of previous stages of reform being resolved, will make it possible for Uzbekistan to become a truly advanced state with a developed modern economy.

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Armenia

President Addresses Opening of New Parliament

NC2807104095 Yerevan SNARK in English 1409 GMT 27 Jul 95

[FBIS Transcribed Text] Yerevan, July 27 (SNARK) — Armenia's President Levon Ter-Petrosyan stated at the first session of the National Assembly today that Armenia has become the only former Soviet republic where Communists did not manage to win the elections.

According to the President, the main result of the elections was the failure of the Communists. Moreover, there are considerably less Communist deputies in the present National Assembly than in the old Parliament. The President believes that Communist ideology had no national roots in Armenia and had been imposed from the outside.

Ter-Petrosyan said that the decisive victory of the right-wing democratic forces is a political guarantee for implementing the governmental program of social and economic reforms, strengthening democracy and continuing the political resolution of the Karabakh conflict. Ter-Petrosyan also indicated that right-wing democrats will actively pursue participation in regional and international integration processes as well as maintain a balanced peaceful line.

The National Assembly must pass a set of laws stipulated by the Constitution, most important of which are the court system, regional and local administration.

National Assembly Elects New Speaker Ararktsyan

NC2707201595 Yerevan Armenia's Radio First Program Network in Armenian 1300 GMT 27 Jul 95

[FBIS Translated Text] The newly elected National Assembly of the Armenian Republic held its first session on 27 July. Senior Deputy Fadey Sargisian, who chaired the meeting, called on the deputies to renounce personal interests and devote themselves to nationalism. In welcoming the deputies to the new National Assembly, Fadey Sargisian [words indistinct]. The Armenian anthem was played and President Levon Ter-Petrosyan addressed the Assembly.

He greeted the National Assembly deputies, who were entrusted by the voters in the 5 July elections, and congratulated them on the historic adoption of the Armenian Constitution. Ter-Petrosyan also said he believed [words indistinct] can determine the stability of Armenian statehood, the formation of democratic institutions, the creation of a civil society, and the development of a market economy [words indistinct]. He thanked Armenia's first Parliament, which he noted laid the foundation for independent statehood and legislated for normalization in the Republic. The president assessed of the elections for the new National Assembly. [words indistinct].

Garegin I, his holiness of all Armenian Catholicos, was also at the National Assembly. Noting the historic significance of the new Constitution and the new National Assembly, the Catholicos thanked Armenia's first Parliament, which accomplished a difficult task under difficult and often crisis conditions. He wished the new National Assembly success. [words indistinct]

After a 15-minute recess, the session resumed work and debated practical problems, such as the internal organization of the National Assembly.

Paruyr Hayrikyan and Babken Ararktsyan were nominated as candidates for chairman of the National Assembly. The results of the secret ballot were announced at 1500. All but 10 of the 154 deputies voted. Some votes were invalidated. Babken Ararktsyan received 133 votes for his election and ten against [words indistinct]. Thus, Babken Ararktsyan was elected chairman of the National Assembly with an absolute majority. In expressing thanks for the trust shown in him, he called on the deputies to begin solving practical problems.

Next on the agenda was electing two deputy chairmen of the National Assembly. Two candidates were nominated by the Republic bloc: Karapet Rubinyan and Ara Sahakyan. A recess was announced after the candidates' speeches. A secret ballot was held between 1530 and 1630. They were both were elected deputy chairmen.

The session is continuing to work.

'Total List' of New Ministries, Ministers Announced

NC2707152295 Yerevan NOYAN TAPAN in English 1030 GMT 27 Jul 95

[FBIS Transcribed Text] 27/07/95 NOYAN TAPAN— The new Constitution of Armenian Republic provides a little different structure, staff and prerogatives of the Government. In compliance with No. 55 article of the Constitution President Levon Ter-Petrosyan, having appointed Hrand Bagratian Prime Minister, instructed him to present structure, staff and order of activities of the Armenian Republic's Government.

On July 25, the Armenian President signed a decree "On establishment of structure and order of activities of the Armenian Republic's Government" and on July 26 — a decree "On appointment of members of the Government of the Armenian Republic".

The decrees provide establishment of 27 Ministerial posts in the Republic, however, there will be less Ministers in reality: some of them were nullified. Some

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new Ministries have emerged. Here is the total list of Ministries and their heads:

1. Ministry of National Secutiry - Minister Serzh [Serzhik] Azati Sargisyan
2. Ministry of Health Care - Minister Ara Sayeni Babloyan
3. Ministry of Trade, Service and Tourism - Minister Vahan Mheri Melkonyan
4. Ministry of Justice - Minister Vahe Vardani Stepanyan
5. Ministry of Industry - Minister Ashot Andraniki Safaryan
6. Ministry of Foreign Affairs - Minister Vahan Hakobi Papazyan
7. Ministry of Ecology and Earth Entrails - Minister Suren Hrandi Avetisyan
8. Ministry of Agriculture and Food - Minister Ashot Yerjaniki Voskanyan
9. Ministry of Economy - Minister Andranik Serezhai Andreasyan
10. Ministry of Energy System - Minister Gagik Amayaki Martirosyan
11. Ministry of Communication - Minister Grigor Ashoti Poghpatyan
12. Ministry of Education and Science - Minister Armenak Roberti Ghazaryan
13. Ministry of Culture on issues of youth and sport - Minister Hakob Movsesi Hakobyan
14. Ministry of Internal Affairs - Minister Vano [Vanik] Smbati Siradeghyan
15. Ministry of Defense - Minister Vazgen Zaveni Sargisyan

216. Ministry of Social Security, Employment, Migration of Population and Refugees - Minister Rafayel Andraniki Bagoyan

17. Ministry of Information - Minister Hrach Hrandi Tamrazyan
18. Ministry of Transportation and Communication - Minister Henrik [Hovhannes] Jumshudi Kochinyan
19. Ministry of Town-planning - Minister Feliks Ashoti Pirumyan
20. Ministry of Finance - Minister Levon Vladimiri Barkhudaryan
21. Emergency Management Administration - Head of the Department Minister Stepan Sargisi Badalyan
22. Department of Statistics, State Register and Analysis - Head of the Department, Minister Eduard Amayaki Aghajanyan
23. Tax Inspection - Head of the Department, Minister Pavel Dantoni Safaryan.
24. Minister of Links with the National Assembly Arsen Hrandi Kamalyan
25. Minister on Links with CIS, European Union and International Economic Organizations - Gagik Mkrtichi Shahbazyan
26. Minister on Regional Government Rubik Sergeyi Barseghyan
27. Minister-Secretary of the Government Sergey Henrikhi Manaseryan

NT notice: before appointment to the post of the Minister of Economy Andranik Andreasyan was the Head of the Department on issues of town-planning and earthquake zone of the Armenian Government.

Minister on Regional Government Rubik Barseghyan was the First Deputy Head of the State Department on Refugees.

Information on the third new figure in the Government, Minister on Links with the National Assembly Arsen Kamalyan was not received yet.

Detailed commentary on the new staff of the Government will be provided in our next issues.

Azerbaijan

Ukraine's President Kuchma Pays Official Visit

Ukrainian-Azeri High Level Talks Begin

NC2807104995 Baku TURAN in English 1415 GMT 27 Jul 95

[FBIS Transcribed Text] Baku/27.07.95/TURAN — Late today the Ukrainian-Azeri talks on high level began. Opening the meeting Geydar Aliyev said that at the present stage both independent states need strengthening and the development of bilateral relations. He noted that both sides were going to discuss some questions of regional and international character. According to Aliyev, Azerbaijan "is very interested in strengthening of relations with Ukraine which is a largest European state." He believes that the economic matters are of mutual interests."

President [Leonid] Kuchma thanked for hospitality and expressed the opinion that the present stage of bilateral relations is noteworthy as "it is characterised by strengthening of independence of both countries." Kuchma said that he was going to discuss with Heydar Aliyev some regional and international issues. He said that Azerbaijan was of great interest for Ukraine not only from the economic point of view but in all other branches too. The leader of Ukraine believes that both countries are able to co-ordinate and to develop their relations not only on bilateral basis but within the CIS too.

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Then the meeting was held behind the closed doors.

Prime Minister Assesses Relations

NC2807110395 Baku TURAN in English 1415 GMT 27 Jul 95

[FBIS Transcribed Text] Baku/27.07.95/TURAN — "Relations between Azerbaijan and Ukraine have always been good. Now we must give qualitatively new character to these relations," TURAN was told by Prime Minister of Azerbaijan Fuad Guliyev. According to Prime Minister the decrease of goods turnover which took place lately was caused by closure of route on the Northern Caucasus. "Presently the railway began to function and we hope that the obligations and agreements will be implemented," he said.

Fuad Guliyev said that signing of five agreements of economic character — on co-operation, on trade and economic co-operation, free trade, pension services and air route are to be signed during the visit of the President of Ukraine Leonid Kuchma. Besides, the documents of interstate character are to be signed.

"The trade-economic agreements notes the list of materials which are not duty liable. Besides, if the enterprises of both countries sign agreements on co-operation, the delivery of these materials and goods will also be tax free. We are going to create favourable ground for our entrepreneurs," Fuad Guliyev said.

Significance of Kuchma Visit Examined

NC2707130295 Baku TURAN in English 0239 GMT 27 Jul 95

[FBIS Transcribed Text] Baku/26.07.95/TURAN — A visit of the President of Ukraine Leonid Kuchma to Azerbaijan which begins tomorrow is notable due to some reasons. After destruction of the USSR the Ukrainian-Azeri relations were good. Despite the difference in geopolitical scale the positions of both countries coincide on many political matters. In particular, the closeness of the positions of Kiev and Baku was followed during the meetings of the CIS leaders on various levels. Both countries negatively assess the idea about common guard of the CIS borders.

Of course, one can note the role of Russia in formation of these positions. Russia made pressure on both sides through the separatist movements: in Azerbaijan through Nagorno-Karabakh and in Ukraine through the Crimea. Both Azerbaijan and Ukraine remember about "mutual recognition" of Crimea republic and so-called "Nagorno-Karabakh republic."

Ukraine has faced the potential energy hunger on the part of Russia and of course it sees the oil boom round Caspian Sea. Azerbaijan is very important for transition of Iranian gas to Ukraine: This project was discussed several years ago and its chances for implementation are great. On the other hand, such rich country as Ukraine is of great interest for Azerbaijan due to permanent "hunger" for consumer goods, products of metallurgy, plane and ship-construction, the defence industry and so on.

Military-political support is also of great importance. We should recall that Ukraine is the only country with which the treaty on military co-operation was signed even under the President Abulfaz Elchibey and the Azeri soldiers were trained by Ukrainian officers. Several months ago the Defence Minister of Azerbaijan visited Ukraine, it was not an ordinary fact. New shifts can be expected in military co-operation. The NATO program opens great sphere for such co-operation. Of course, Ukraine has some experience in this sphere and Azerbaijan can take something from experience of Ukraine for joining the initiative "Partnership for Peace" and then to have more broad co-operation.

Some time ago Ukraine was concerned over complications in Crimea and would not dare to "delegate" its representative to Azerbaijan: Russia follows very attentively all relations inside the CIS which are developing without it. But it seems that the crisis in Crimea has passed.

This visit has a special moral significance as appeals in Ukraine about Ukrainian-Azeri unification sound more often. And the Ukraine demonstrates this position by traditionally loyal relations with autonomous population of Crimea — Crimea Tatars, that was also noted in Azerbaijan. It is interesting whether there will be any real agreements and if there will be similar visits to other Turkic countries after this visit.

Aliyev Proposes Two Ways of Forming Parliament

LD2707180895 Moscow INTERFAX in English 1610 GMT 27 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Geydar Aliyev has presented two draft laws on parliamentary elections to the working group in charge of drafting a new constitution.

Aliyev told an enlarged session of Azerbaijan's constitutional commission on Wednesday evening that one draft provided for a single-house parliament and the other, for a two-house one.

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A single-chamber parliament, devised by the presidential staff, would be elected on a mixed majoritarian-proportionate pattern. It would consist of 125 members, 100 elected in majoritarian constituencies and 25, on party lists.

Only Azerbaijani citizens meeting the 23-year age qualification will have the right to vote. Officials taking any civil service jobs, including government posts, would be barred from parliament. However, the elections due in November will make an exception - that provision will not be applicable this year.

A two-chamber parliament would have a 45-seat upper house and a 95-seat lower house. The upper house would be elected on the majoritarian principle. The lower house would be formed on a mixed majoritarian-proportionate pattern: 72 members will be elected in majoritarian constituencies and 23 on party tickets.

This version of a future electoral law bans members of parliament from engaging in any other kind of activity. Exceptions will be made for scientific and cultural workers.

A source in President Aliyev's staff has said the Constitutional commission decided to present to parliament a draft law on forming a single-house legislature.

Georgia

Senior NATO Official: Ready To Provide Assistance

LD2707133195 Tbilisi Radio Tbilisi Network in Georgian 1200 GMT 27 Jul 95

[FBIS Translated Text] Georgian Deputy Prime Minister Irakli Menagharishvili met NATO Deputy Supreme Allied Commander Lt-Gen Jeremy McKenzie today. The meeting focused on the current political and economic situation.

Georgian national army is now taking shape, many illegal armed units have been disarmed and dissolved, Menagharishvili said. The Georgian side regards training the personnel and getting professional advice as the principal task in its relations with NATO. The advice will deal with drawing up a national defense doctrine and the military budget, securing a civilian control over military forces and other issues.

Mr. McKenzie emphasized that NATO was prepared to provide Georgia with any possible assistance.

The role of Russia in the Caucasus and the Black Sea region was pointed out during the meeting in view of the fact that Russia had finally shaped its doctrine of relations with NATO. Therefore, our relations with NATO should be coordinated and arranged into a single system which will also be appropriate for the Russian side, Irakli Menagharishvili said.

Official on Tbilisi NATO Position

LD2707204495 Moscow INTERFAX in English 1749 GMT 27 Jul 95

[FBIS Transcribed Text] TBILISI, July 27 (INTERFAX) — Tbilisi will not act counter to Moscow's position on NATO, Irakly Menagarishvili, Georgian deputy prime minister and head of the government commission on cooperation with NATO, said in Tbilisi Thursday after he met with Jeremy McKenzie, deputy commander of NATO troops, who is on a working visit to Georgia.

Such a stand by Tbilisi is explained by "Moscow's important role in stabilizing the situation in the Caucasus," said Menagarishvili.

McKenzie demonstrated "understanding and said that NATO is ready to provide all kinds of assistance to Georgia," sources at the press office of the Georgian government told INTERFAX.

The sources said that Menagarishvili and McKenzie had discussed cooperation between Georgia and NATO, including training of Georgian military personnel.

McKenzie and Georgian Defense Minister Varden Nadibaidze visited the town of Gori Thursday where they inspected a training center of the Georgian Armed Forces.

Russian Military Bases Must Remain

LD2807104295 Moscow ITAR-TASS in English 1031 GMT 28 Jul 95

[By Tengiz Pachkoriya]

[FBIS Transcribed Text] TBILISI, July 28 (ITAR-TASS) — Russia's military bases must remain in Georgia because Russia is its major partner, Georgian Defence Minister Lieutenant-General Vardiko Nadibaidze said in the course of his meeting with General Jeremy McKenzie, commander of U.N. Rapid Reaction Force, closing his three-day visit to Georgia today.

Georgian Defence Minister familiarized McKenzie and his delegation with the status of Georgian armed forces.

The NATO delegation discussed with Georgian officials a programme of Georgia's individual cooperation with NATO, concerning the Partnership for Peace NATO program, Nadibaladze underlined that the individual programme would meet NATO's criteria.

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UN Pledges Assistance for Caucasian Energy System

LD2707141395 Tbilisi Radio Tbilisi Network in Georgian 1200 GMT 27 Jul 95

[FBIS Translated Text] Georgian Prime Minister Otar Patsatsia met Mr. Anton (Krudering), the UN Development Program regional director for Europe and CIS affairs, today, 27 July. The meeting focused on the current economic situation in Georgia and namely the energy crisis.

It was indicated that in order to create and operate a Europe- Asia corridor, it was necessary that the present energy and transport problems be fully settled. This requires full reconstruction of the Poti cargo port. Since the power engineering and transport are of vital importance for the whole region of the Caucasus, The United Nations and the Development Program in particular will make all possible efforts to settle the issues, Mr Krudering said.

It was also indicated, that the restoration of Georgia's economy considerably depended on the settlement of the Abkhazia conflict.

Foreign Minister Praises UNDP Activities

LD2707163695 Tbilisi IBERIA in Georgian 1330 GMT 27 Jul 95

[FBIS Translated Text] Tbilisi, 27 Jul — Georgian Foreign Minister Aleksandre Chikvaidze met Anton Krudering, the UN Development Program [UNDP] regional director for Europe and the CIS, today.

The minister spoke highly of the activities of the UNDP in Georgia and thanked the visitor for the agency implementing various projects like arrangement and coordination of aid, reforms for adapting the governing system with a market economy and parliamentary democracy, proper utilization of natural resources, the analysis of the socioeconomic situation in Georgia, and so on. He said that support by the UNDP will promote finalizing the project for securing an access to the sea for the Central Asian states, in which Georgia will also participate, and will help Georgia to implement urgent measures in preparations for the winter.

The visitor said that his agency will soon consider the mentioned issues and expressed hope that opportunities will be found to render more effective assistance to Georgia.

19 Provisions of Draft Constitution Approved

LD2707114195 Moscow INTERFAX in English 1011 GMT 27 Jul 95

[FBIS Transcribed Text] TBILISI, July 27 (INTERFAX) — The Georgian parliament approved Wednesday [26 July] 19 provisions of fundamental law concerning the rights and freedoms of man. The parliament is considering the draft new Georgian Constitution at a special session.

In an interview with Interfax some deputies said that one of the approved provisions bans the republic's citizens from having dual citizenship.

On Thursday, the deputies cut short their session and left for the Ambrolauri District to attend the funeral of their colleague, Soso Makaldiani, killed last week by unidentified persons in his home.

A spokesman for the Georgian Prosecutor's Office told INTERFAX that investigators "had tracked the murderers and the search for them is under way." However, the spokesman refused to comment on the motives for the crime.

Makhaldiani was an active member of the Georgian Civic Union, and in recent months repeatedly made statements about the need to combat mafia in the mountainous Ambrolauri District, where surviving forests are being cut down and smuggled abroad. He also denounced publicly the drug mafia, which uses the Ambrolauri District as a staging post for smuggling narcotics from South Ossetia to Georgia.

A spokesman for the parliament press center told Interfax Thursday that the special session will resume its work on July 28.

Article Views 'Regrouping' of Political Forces

AU2807100295 Tbilisi THE GEORGIAN TIMES in Georgian 19-26 Jul 95 p 3

[Report by Giorgi Asanishvili: "The Contours of the Georgian Political Beau Monde"]

[FBIS Translated Text] According to the Georgian Parliament Decree of 4 July "on Setting a Date for Georgian Parliament Elections and a Referendum," the pre-election campaign has officially begun and it will end with the formation of a new body of legislators in the fall of this year.

As to what "color" the future Georgian beau monde will be, this depends greatly on the precise nature and aims of the strategic and tactical course of the leading political forces, which, in spite of the shortage of time

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as far as the elections are concerned, has not yet been completely mapped out.

Several important changes and new groupings of forces have recently taken place in the Georgian multiparty political arena. Several political parties have completely disappeared from the scene or have united with other parties (the Popular Front, Charter-91, and the Republican Party) while the world outlook of some parties has undergone a radical transformation and, in the party classification system, has shifted from one wing to another (from right to center — the Union of Traditionalists; from right to center and back to right — the National-Democratic Party and the Conservative-Monarchist Party; from center to right — the Liberal-Democratic National Party; from center to left — the [Georgian] Citizens' Union, the Union for National Accord and Revival, and so forth). New forces with strong political ambitions (the United Communist Party, the "Archevnebi" [Elections] sociopolitical organization, the Socialist Party, and so forth) have also appeared on the scene.

Such quantitative and qualitative changes in the political spectrum are highly significant as they correspond well to the unstable and amorphous character of our social life. Proceeding from this, the question of the rapprochement and closer cooperation of "related" political forces is becoming topical even today. One assumes this trend will become stronger in the near future as, in order to get into the new Parliament, parties will have to clear the 5-percent hurdle. It will be very risky not only for small parties but also many of those that, in political circles today, are considered to be solid and influential organizations to hope for an "individual breakthrough" to achieve this.

The desire to unite is felt least of all on the left flank of the "political front." True, at one time, the Communists had the intention of forming the preelection bloc "Socialist Georgia" within which, according to its organizers' plan, women's, youth, veterans', and other political movements were to have united. However, the potential allies not only failed to find a common language but also ended up in different camps and would probably have "hunted for each other's votes" in the future elections.

In spite of this, the United Communist Party already represents a force to be reckoned with. According to their leaders, the party has up to 150,000 members within its ranks. "Communists will get the majority of seats in Parliament and in local bodies of power in the very first elections," states party leader Gen. Panteleimon Giorgadze.

The second "big fish" in the left-wing camp — the Georgian Citizens' Union — recently held a party congress that was given a big role from the point of view of creating a stronger and more organized structure. The chairman of this organization, Head of State Eduard Shevardnadze, believes that "the Citizens' Union has transformed itself into a real leading political force in a very short period and will come to power for a long time." As regards a preelection alliance with other political forces, the union's leadership considers this a matter that can be settled in the future.

The Social-Democratic Party is another left-wing party that deserves serious attention. It intends to win over the electorate on the basis of the national minorities and at the expense of the population that is in a desperate state on account of the serious social situation. With this aim, the socialists are trying to use the dissatisfaction of the unprotected strata of the population brought about by the liberalization of prices. For example, in one of the statements made by the party's council it was said that "if the Cabinet of Ministers does not revoke the decision on the hike in bread prices and transport fares or does not bring wages and pensions in line with the bare minimum level," they would file a lawsuit with the Procurator's Office "to bring criminal proceedings against the Cabinet of Ministers for the genocide of its own people."

As regards right-wing forces, a new regrouping of such forces has recently been established. As can be seen, the principal organizational role in this echelon is being fulfilled by the United Republican Party. "An intellectual party created through the unification of three organizations [the Popular Front, Charter-91, and the Republican Party] and representing a serious force that, without any exaggeration, can lay claim to power" (Vakhtang Dzabiradze) is today a powerful parliamentary opposition group. At one time, the idea was mooted of an alliance between this party and the Ilya Chavchavadze Society and the Liberal-Democratic National Party, but, with the onset of the elections, such a prospect was shelved as the Republicans are currently more involved in perfecting the organization of party structures.

The National-Liberation Front (Kitovani, Sigua, and Kakubava) could have fulfilled the role of a "reserve" for right-wing subgroups but, following the notorious action of 13 January [Kitovani's abortive march on Abkhazia] and the outlawing of this front, this function will probably be assumed by "Archevnebi," particularly as a systematic coincidence of positions and views has been observed of late between Jaba Ioseliani, one of the founders of "Archevnebi," and Irakli Tsereteli, chairman of the National Independence Party, the "leading organ-

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ization" of right-wing radicals. On the latter's initiative, the electoral association "Independent Georgia" is being formed; the only real "candidate" for membership of this association at the moment is the Merab Kostava Society.

Political experts also do not exclude the participation of the "seasoned right-wing radicals" — the political organizations of the "Round Table" — in the future elections. In the event of their overcoming internal disputes concerning their attitude to participation in parliamentary elections, the votes of the supporters of the ex-president [Zviad Gamsakhurdia] could seriously alter the distribution of deputies' mandates.

Political parties claiming to have a centrist orientation are currently refraining from close cooperation with one another. However, such a prospect is not excluded in the near future, particularly as there have already been several such attempts. As early as in August of last year, the National- Democrats put forward the idea of creating a coalition government along with the Republicans and the Citizens' Union (at that time, these parties were viewed as being centrist-type organizations). However, both the Republicans and the Citizens' Union rejected this idea. Nevertheless, contacts were established later between these parties and also the Traditionalists. Joint meetings were held, a consultative council was formed, and so forth. However, following the murder of Giorgi Chanturia [former leader of the National- Democratic Party], there was a chill in relations once more between the "big four." Recently, particularly during work on the bill on setting a date for parliamentary elections, the principle of constructive cooperation has again established its place in relations between the leading political forces.

Certain political party leaders have become convinced during the preparatory period for the future elections that, on account of the political indifference of broad sections of the population, they need to change their tactics to a certain extent and so have turned to the method of lobbying that is widespread in the West. In order to realize their aim, they have chosen the path of creating various types of public associations. According to the "plan" drawn up by the leaders of the National-Democratic Party, a "public board" [sazogadoebrivma darbazma] should function as the "driving force" while the Citizens' Union believes it should be the "Tbilisi forum." With the same aim, the sociopolitical movement "Imedi" [Hope] has been created within the [Georgian] Union of Writers and the "Archevnebi" organization as well.

The elections held in the spring and fall of last year in Rustavi and Tbilisi's Vake district represented a kind of dress rehearsal for the parliamentary elections. Excesses took place during the elections in Rustavi and, therefore, M. Omanidze only emerged as winner after a second "round" was held. It became necessary to hold elections in Vake district as there were several instances of electoral lists being falsified. It is also worth noting that the population was not very active or enthusiastic during the elections; only 12,000 of the 77,000 electors in Vake district took part in the elections. Therefore, it comes as no surprise that, in line with a government decision, both parliamentary and presidential elections will be held on the same day — 5 November. The thinking in the upper echelons of power is that electors will be more interested in voting for a presidential candidate and this will draw them to the polling stations as a result of which the future deputies and senators will "benefit."

What form the party system in Georgia will finally take depends on many factors; one important one is the adoption of an electoral law that corresponds to the specific situation in the country. Almost all political forces are critical of the existing law. A new one is expected to be adopted on 3 August. If it is not adopted, the future parliamentary elections will be held according to the 1992 election rules, only without preferential [preferentsiebisa] and compensation lists.

So, much to the delight of those who like political intrigues, instead of the "dead" summer season, we should expect dramatic battles this year.

Government's Improved Fiscal Health Noted

954F2841A Moscow LITERATURNAYA GAZETA in Russian 12 Jul 95 No 28, p 2

[Article by Eteri Kakabadze, LITERATURNAYA GAZETA correspondent: "Dollars Do Not Prevent Scandals: $113 Million Allocated to Georgia"]

[FBIS Translated Text] Tbilisi—Everyone in the republic congratulated each other over this event as they usually do with a New Year's greeting.

Members of the government in this regard began their numerous television interviews specifically with the subject of credit. This is understandable. It was not easy for Georgia to get this credit. It was necessary to quarrel with parliament quite a bit and to flirt with the people. From the former, according to the tough conditions of the International Monetary Fund, it was necessary in a literal sense of the word to "knock out" a law on the National Bank of Georgia in which its powers and independence in forming financial policy would be broadened, and something would be changed in the legislation on the tax system. For the latter, that is, the population, it would be necessary to increase

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the price of bread but lower electric power rates. An understanding was quickly reached with the population. But it was necessary to go through torment with the deputies.

Parliament—which they were preparing in a gradual, leisurely fashion for the idea that when it is a question of the inevitable, it is necessary to relax and enjoy it—resisted the adoption of a law on the National Bank for a long time, considering it too liberal, and the requirements of the IMF on its indispensable adoption—elementary blackmail. But one way or another the temptation to get $113 million for a Georgia that was impoverished and bogged down in debt prevailed. In the opinion of government circles, in particular Nodar Dzhavakhishvili, president of the National Bank, without this credit in the country it would be difficult not only to continue the economic reforms, but also in the future to support a stable coupon rate of exchange in the absence of a reserve currency and to prepare for monetary reform.

Economic hopes did not prevent political scandals. Igor Giorgadze, chief of the security service, once again appeared in the foreground. The initiator of the scandal around his person this time was Vakhtang Rcheulishvili, deputy speaker and leader of the parliamentary majority, whom his parliamentary colleague, Dzhaba Ioseliani, calls nothing other than a Shevardnadze "puppet and rusty mouthpiece." Rcheulishvili's main accusation directed at Giorgadze is that he is no more and no less than the son of his father. It is surprising that the deputy speaker "discovered" this just now. Hitherto it was no secret to anyone that the head of the security service also at the moment of his appointment to this post was Igor Panteleymonovich, as it was no secret that his father—Panteleymon Giorgadze—was an orthodox communist who viewed the independence of Georgia very skeptically and who is for the restoration of the USSR. It was him that Shevardnadze had in mind when he warned about the threat of Bolshevik fundamentalism in Georgia.

However, the latest scandal around Giorgadze was not picked up on. Parliament did not even attempt to raise the question about his dismissal.

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Estonia

NATO Officials Arrive To Advise on Defense Policy

LD2707215695 Tallinn Radio Tallinn Network in Estonian 1700 GMT 27 Jul 95

[FBIS Translated Excerpt] General Sir Garry Johnson, the leader of an international group of military advisers, began his visit to Estonia today. Predominantly, the Estonian state defense concept and NATO expansion will be under discussion during his visit. After a meeting with President Lennart Meri, the president and the general gave a news conference. Erik Samel has prepared a report on the subject.

[Samel] The so-called Johnson group is made up of senior NATO officers, diplomats, and security experts. The group's aim is to advise the Baltic countries on defense policy issues. [passage omitted]

The most important document that has been discussed with all the Baltic countries' defense ministers is each country's defense concept, which determines the principles of national security. [passage omitted] General Johnson and his group wish to be involved in improvements made to this concept. Garry Johnson noted that being retired military men they were perhaps able to speak somewhat more freely than when they were in service.

President Lennart Meri was asked for his attitude toward the recommendation made by Endel Lippmaa, the European affairs minister, not to ratify the Estonian-Russian July agreements in the Riigikogu for the time being.

[Begin Meri recording] I would think that my views and those of the government will be completely identical here. It seems to me that if this slow but positive process has begun, to normalize Estonian-Russian relations, to be followed by an improvement, then it is perhaps unnecessary to make any move that may cast a shadow on our goodwill and good intentions for setting down our relations with Russia properly and with agreements. [end recording] [passage omitted]

President Meri Sends Goodwill Message To Yeltsin

LD2707201495 Tallinn Radio Tallinn Network in Estonian 1700 GMT 27 Jul 95

[FBIS Translated Text] President Lennart Meri handed over a letter today to Aleksandr Fromov, Russian ambassador to Estonia, for President Boris Yeltsin. Yesterday was the first anniversary of the day in Moscow when the Estonian and Russian heads of state signed an agreement on the Russian troop withdrawal from Estonia, and another on the provision of social guarantees to Russian military pensioners, and specified the conditions for the scrapping of the Paldiski nuclear facility.

In his letter President Meri voices pleasure that the Russian State Duma ratified the agreements on 25 July. On the eve of the anniversary of the meeting between the Estonian and Russian heads of state the Estonian Government, too, approved the agreements and sent them to the Riigikogu for ratification.

The president voiced his belief that the political will that allowed for the Gordian knot in Estonian-Russian relations to be cut last year will pave a way toward settling the account with the past and serve as a basis for the further developments of the two countries' political, economic, and cultural links.

Latvia

Former Communist Leader Rubiks Found Guilty

LD2707130795 Riga Radio Riga Network in Latvian 1200 GMT 27 Jul 95

[FBIS Translated Text] At a Supreme Court session today, Justice Fricis Jaunbelzejs announced a verdict in the case of Alfreds Rubiks and Ojars Potreki, former communist party leaders.

The justice said that Rubiks' guilt of crimes has been proved by testimonies of many witnesses. Rubiks is guilty of collaboration with fighters of the Special Purpose Militia Detachment and authorization of their armed actions, creation of the All-Latvian National Salvation Committee, and of setting up the Sadraudziba radio station. The defendant also took part in drafting an appeal to former Soviet President Mikhail Gorbachev for the introduction of presidential rule in Latvia.

Rubiks has denied his guilt of the abovementioned activities.

Several dozen supporters of Rubiks picketed the Supreme Court building during the court session demanding freedom for Rubiks. Their placards say that Latvian working people support Alfreds Rubiks because he is a real communist and patriot. They also say that apartheid rules in Latvia. The participants in the picket are for the most part old people. Donations are also being collected at the court building to pay for Alfreds Rubiks' legal defense.

Saeima Passes Banking Bills on First Reading

LD2707181495 Riga Radio Riga Network in Latvian 1300 GMT 27 Jul 95

[FBIS Translated Excerpt] Today the Saeima approved and passed on its first reading a package of three bills

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adopted by the Cabinet of Ministers in accordance with Article 81 of the Constitution. The first bill concerns commercial banks. It stipulates the legal status of commercial banks and regulates their activities and supervision.

The second bill concerns the receivership and bankruptcy of commercial banks. Its purpose is to lay down a procedure for the receivership of commercial banks that get into difficulties. The measure of receivership will be applied in cases where they are to be declared bankrupt and [word indistinct] process is to be regulated.

The third bill concerns compensation for deposits by individuals. It provides a system for compensating an individual person for deposits in commercial banks licensed by the Bank of Latvia, and specifies the sources and mode of payment of funds for compensation to physical persons in the case of bankruptcy by a commercial bank. It was charged in the debates that the compensation to those who have suffered from the difficulties of commercial banks is to be paid out of taxpayers' pockets. [passage omitted]

Lithuania

IMF Ends Mission To Examine Finance Sector, Banks

LD2707193895 Moscow INTERFAX in English 1501 GMT 27 Jul 95

[FBIS Transcribed Text] VILNIUS, July 27 (Interfax) — Lithuanian laws and regulations on the banking system meet international standards but more stringent control is needed to enforce them, members of an IMF mission said at a meeting with Finance Minister Reinoldijus Sarkinas and Bank of Lithuania (BL) officials in Vilnius on Wednesday.

The mission has ended a two-week visit there aimed at examining the situation in the country's financial sector and the problem of Lithuania's commercial banks.

Head of the IMF mission Julian Berengaut said both the government and the central bank had complied with the terms of the three-year agreement Vilnius and IMF signed last November. As a result, the IMF board of directors meeting several weeks ago decided to allocate a second tranche of $32 million from its crediting line of more than $200 million. (The first tranche of $32 million was made available to Vilnius last autumn - IF).

The mission also said that although the situation with tax returns had improved, the government must foresee expenditure cuts in the event of falling revenues. Other recommendations include a demand that energy consumers pay at least half of their energy bill (running at $96 million in the first six months) by the end of 1995 and cut import tax on essential farm products from 35 percent to 27.5 percent.

Former KGB Center Said Used for Secret Communications

MM2707092395 Moscow PRAVDA in Russian 27 Jul 95 p 1

[Report by Vladas Bikulichyus: "KGB Communications Center on Lithuania's Route Into NATO"]

[FBIS Translated Text] Vilnius — Not so long ago the leaders of the Lithuanian special services were assuring us that the creation of such structures in their country was only just beginning and there was no physical possibility of collecting information and carrying out the other actions typical of state security organs. Lithuania was disavowing a certain Aydema [name as transliterated], a former U.S. special forces sergeant whose imaginary attempts to get Lithuania's "James Bonds" in contact with their U.S. colleagues in 1990-1992 have been reported by the press. Competent specialists at first glance quite convincingly denied the story, stating that the then Lithuanian leadership had not fundamentally established any specific contacts with the West, since there was no legal basis for so doing.

Since then we have learned that, on the government's instructions, a working group was set up to prepare an agreement with NATO and the EU on the protection of secret information circulating among the military structures of Lithuania, NATO, and the EEC. It is obvious that this is a preventive measure as Lithuania moves into NATO. It will be impossible for it to do without the help of its friends in the West. The local press has carried a report that Lithuanian departments are using a former KGB communications center to transmit and receive various kinds of secret information. But ciphers, cypher specialists, scientific research information, and state-of-the-art equipment remain "outside Lithuania."

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